

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 826**

**(SENATE AUTHORS: SKOE, Rest and Hoffman)**

DATE	D-PG	OFFICIAL STATUS
02/12/2015	281	Introduction and first reading Referred to Taxes
04/22/2015	2142	Author added Hoffman
04/29/2015	2942a	Comm report: To pass as amended
	3147	Second reading
05/01/2015	3218	HF substituted on General Orders HF848

A bill for an act

1.1 relating to financing of state and local government; making changes to individual  
1.2 income and corporate franchise, property, sales and use, estate, mineral, tobacco,  
1.3 special, local, and other taxes and tax-related provisions; providing for and  
1.4 expanding credits; modifying local government aids; modifying exclusions,  
1.5 exemptions, and levy deadlines; modifying sales and use tax exemptions;  
1.6 changing sales, use, and excise tax remittances; modifying certain local sales and  
1.7 use taxes; modifying income tax credits; modifying the payment in lieu of tax  
1.8 provisions; clarifying estate tax provisions; providing for and modifying certain  
1.9 local development projects; modifying electric generation machinery valuation;  
1.10 clarifying tax increment financing rules; modifying property tax interest rates;  
1.11 modifying valuation and taxation of railroad property; modifying the Sustainable  
1.12 Forest Incentive Act; modifying Iron Range fiscal disparities program; modifying  
1.13 certain county levy authority; allocating additional tax reductions for border  
1.14 cities; modifying the distribution of taconite production and occupation taxes;  
1.15 modifying and providing provisions for public finance; making conforming,  
1.16 policy, and technical changes to tax provisions; requiring reports; appropriating  
1.17 money; amending Minnesota Statutes 2014, sections 13.51, subdivision 2;  
1.18 16A.152, subdivisions 2, 8; 16D.08, subdivision 2; 69.021, subdivision 5;  
1.19 126C.01, subdivision 3; 126C.40, subdivision 1; 136A.129, subdivision 3;  
1.20 138.053; 216B.1621, subdivision 2; 216B.164, subdivision 2a; 216B.2424,  
1.21 subdivision 5; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072,  
1.22 subdivisions 2, 3, by adding a subdivision; 270.12, by adding a subdivision;  
1.23 270.80, subdivisions 1, 2, 3, 4, by adding subdivisions; 270.81, subdivisions 1,  
1.24 3, by adding a subdivision; 270.82; 270.83, subdivisions 1, 2; 270.84; 270.86;  
1.25 270.87; 270A.03, subdivision 5; 270B.14, subdivision 1; 270C.03, subdivision  
1.26 1; 270C.30; 270C.33, subdivisions 5, 8; 270C.34, subdivision 2; 270C.347,  
1.27 subdivision 1; 270C.35, subdivision 3, by adding a subdivision; 270C.38,  
1.28 subdivision 1; 270C.445, by adding a subdivision; 270C.446, subdivision  
1.29 5; 270C.72, subdivision 4; 270C.89, subdivision 1; 271.06, subdivisions 2,  
1.30 7; 271.08, subdivision 1; 271.21, subdivision 2; 272.02, subdivisions 9, 10;  
1.31 272.0211, subdivision 1; 272.025, subdivision 1; 272.029, subdivisions 2, 4,  
1.32 by adding a subdivision; 272.0295, subdivision 4; 272.115, subdivision 2;  
1.33 273.032; 273.061, subdivision 7; 273.08; 273.121, by adding a subdivision;  
1.34 273.124, subdivision 13; 273.13, subdivisions 23, 24; 273.1392; 273.1393;  
1.35 273.33, subdivisions 1, 2; 273.37, subdivision 1; 273.371; 273.372, subdivisions  
1.36 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.13, subdivision 1;  
1.37 274.135, subdivision 3; 275.025, subdivisions 1, 3; 275.065, subdivisions 1, 3;  
1.38 275.066; 275.07, subdivision 1; 275.62, subdivision 2; 276.04, subdivision 2;  
1.39

2.1 276A.06, subdivisions 3, 5; 278.01, subdivision 1; 279.01, subdivision 1; 279.37,  
 2.2 subdivision 2; 282.01, subdivisions 1a, 1d, 4; 282.261, subdivision 2; 287.2205;  
 2.3 289A.02, subdivision 7, as amended; 289A.08, subdivisions 11, 16, by adding  
 2.4 a subdivision; 289A.09, subdivisions 1, 2; 289A.11, subdivision 1; 289A.12,  
 2.5 subdivision 14; 289A.20, subdivision 4; 289A.38, subdivision 6; 289A.50,  
 2.6 subdivision 7; 289A.60, subdivisions 15, 28; 290.01, subdivisions 4a, 7, 19,  
 2.7 as amended, 19b, 19c, 19d, 31, as amended, by adding a subdivision; 290.06,  
 2.8 by adding subdivisions; 290.0671, subdivisions 1, 6a; 290.0672, subdivision  
 2.9 1; 290.0674, subdivisions 1, 2; 290.068, subdivisions 1, 2, 3, 6a, by adding  
 2.10 a subdivision; 290.091, subdivision 3; 290.0921, subdivision 3; 290.0922,  
 2.11 subdivision 2; 290.17, subdivision 4; 290.191, subdivision 5; 290.21, subdivision  
 2.12 4; 290A.03, subdivisions 13, 15, as amended; 290A.04, subdivision 2h; 290A.19;  
 2.13 290B.03, subdivision 1; 290B.04, subdivision 1; 290C.01; 290C.02, subdivisions  
 2.14 1, 3, 6; 290C.03; 290C.04; 290C.05; 290C.055; 290C.07; 290C.08, subdivision  
 2.15 1; 290C.10; 290C.11; 290C.13, subdivisions 3, 6; 291.005, subdivision 1;  
 2.16 291.03, subdivision 10, by adding a subdivision; 291.031; 295.54, subdivision 2;  
 2.17 295.55, subdivision 6; 296A.01, subdivisions 12, 33, 42, by adding subdivisions;  
 2.18 296A.02, by adding a subdivision; 296A.07, subdivisions 1, 4; 296A.08,  
 2.19 subdivision 2; 296A.09, subdivisions 1, 3, 5, 6; 296A.15, subdivisions 1, 4;  
 2.20 296A.17, subdivisions 1, 2, 3; 296A.18, subdivisions 1, 8; 296A.19, subdivision  
 2.21 1; 296A.22, subdivision 9; 296A.26; 297A.62, subdivision 3; 297A.67,  
 2.22 subdivision 7a, by adding subdivisions; 297A.68, subdivisions 5, 35a; 297A.70,  
 2.23 subdivisions 4, 14, by adding a subdivision; 297A.82, subdivision 4a; 297A.994,  
 2.24 subdivision 4; 297D.02; 297E.02, subdivisions 3, 7; 297E.04, subdivision  
 2.25 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.05, subdivision 3;  
 2.26 297F.09, subdivisions 1, 10; 297F.23; 297G.09, subdivisions 1, 9; 297G.22;  
 2.27 297H.04, subdivision 2; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10,  
 2.28 subdivisions 1, 3; 297I.30, by adding a subdivision; 297I.60, subdivision 2;  
 2.29 298.01, subdivisions 3b, 4c; 298.17; 298.227; 298.24, subdivision 1, by adding  
 2.30 a subdivision; 298.28, subdivisions 3, 7a; 366.095, subdivision 1; 383B.117,  
 2.31 subdivision 2; 410.32; 412.301; 469.034, subdivision 2; 469.101, subdivision  
 2.32 1; 469.169, by adding a subdivision; 469.174, subdivision 12; 469.175,  
 2.33 subdivision 3; 469.176, subdivision 4c; 469.1761, by adding a subdivision;  
 2.34 469.1763, subdivisions 1, 2, 3; 469.178, subdivision 7; 469.190, subdivisions  
 2.35 1, 7; 469.194, subdivision 1; 469.319, subdivision 5; 469.40, subdivision  
 2.36 11, as amended; 469.43, by adding a subdivision; 469.45, subdivisions 1, 2;  
 2.37 469.47, subdivision 4, as amended; 473H.09; 475.58, subdivision 3b; 475.60,  
 2.38 subdivision 2; 477A.0124, subdivision 4; 477A.013, subdivision 1, by adding a  
 2.39 subdivision; 477A.014, subdivision 1; 477A.015; 477A.017, subdivisions 2, 3;  
 2.40 477A.03, subdivisions 2a, 2b, 2c; 477A.12, subdivisions 1, 2; 477A.13; 477A.15;  
 2.41 477A.19, by adding subdivisions; 477A.20; 524.3-916; 559.202, subdivision 2;  
 2.42 Laws 1980, chapter 511, sections 1, subdivision 2, as amended; 2, as amended;  
 2.43 Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4,  
 2.44 as amended, 5, 6; Laws 1996, chapter 471, article 3, section 51; Laws 2001,  
 2.45 First Special Session chapter 5, article 3, section 86; Laws 2006, chapter 257,  
 2.46 section 2, as amended; Laws 2008, chapter 366, article 7, section 20; Laws 2013,  
 2.47 chapter 143, article 8, sections 22, as amended; 23, as amended; Laws 2014,  
 2.48 chapter 308, article 1, section 14, subdivision 2; article 7, section 7; proposing  
 2.49 coding for new law in Minnesota Statutes, chapters 103C; 116J; 270C; 273; 290;  
 2.50 290B; 290C; 293; 383B; 465; 477A; repealing Minnesota Statutes 2014, sections  
 2.51 3.192; 270.81, subdivision 4; 270.83, subdivision 3; 272.02, subdivisions 23, 29,  
 2.52 33, 41, 44, 45, 47, 52, 54, 55, 56, 68, 69, 70, 71, 80, 84, 89, 92, 93, 96, 99;  
 2.53 272.0211; 273.111, subdivision 9a; 275.025, subdivision 4; 281.22; 290C.02,  
 2.54 subdivisions 5, 9; 469.194, subdivisions 2, 4; Minnesota Rules, parts 8092.2000;  
 2.55 8106.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 17, 17a, 18, 19, 20,  
 2.56 21; 8106.0300, subparts 1, 3; 8106.0400; 8106.0500; 8106.0600; 8106.0700;  
 2.57 8106.0800; 8106.9900; 8125.1300, subpart 3.

3.1 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

3.2 **ARTICLE 1**

3.3 **INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

3.4 Section 1. Minnesota Statutes 2014, section 16D.08, subdivision 2, is amended to read:

3.5 Subd. 2. **Powers.** (a) In addition to the collection remedies available to private  
3.6 collection agencies in this state, the commissioner, with legal assistance from the attorney  
3.7 general, may utilize any statutory authority granted to a referring agency for purposes of  
3.8 collecting debt owed to that referring agency. The commissioner may also use the tax  
3.9 collection remedies in sections 270C.03, subdivision 1, clause ~~(8)~~ (9), 270C.31, 270C.32,  
3.10 270C.52, subdivisions 2 and 3, 270C.63, 270C.65, and 270C.67 to 270C.72. A debtor  
3.11 may take advantage of any administrative or appeal rights contained in the listed sections.  
3.12 For administrative and appeal rights for nontax debts, references to administrative  
3.13 appeals or to the taxpayer rights advocate shall be construed to be references to the case  
3.14 reviewer, references to Tax Court shall be construed to mean district court, and offers  
3.15 in compromise shall be submitted to the referring agency. A debtor who qualifies for  
3.16 cancellation of collection costs under section 16D.11, subdivision 3, clause (1), can apply  
3.17 to the commissioner for reduction or release of a continuous wage levy, if the debtor  
3.18 establishes that the debtor needs all or a portion of the wages being levied upon to pay  
3.19 for essential living expenses, such as food, clothing, shelter, medical care, or expenses  
3.20 necessary for maintaining employment. The commissioner's determination not to reduce  
3.21 or release a continuous wage levy is appealable to district court. The word "tax" or "taxes"  
3.22 when used in the tax collection statutes listed in this subdivision also means debts referred  
3.23 under this chapter.

3.24 (b) Before using the tax collection remedies listed in this subdivision, notice and  
3.25 demand for payment of the amount due must be given to the person liable for the payment  
3.26 or collection of the debt at least 30 days prior to the use of the remedies. The notice must  
3.27 be sent to the person's last known address and must include a brief statement that sets forth  
3.28 in simple and nontechnical terms the amount and source of the debt, the nature of the  
3.29 available collection remedies, and remedies available to the debtor.

3.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.31 Sec. 2. Minnesota Statutes 2014, section 136A.129, subdivision 3, is amended to read:

4.1 Subd. 3. **Program components.** (a) An intern must be an eligible student who has  
 4.2 been admitted to a major program that is related to the intern experience as determined  
 4.3 by the eligible institution.

4.4 (b) To participate in the program, an eligible institution must:

4.5 (1) enter into written agreements with eligible employers to provide internships that  
 4.6 are at least eight weeks long and located in greater Minnesota; and

4.7 (2) provide academic credit for the successful completion of the internship or ensure  
 4.8 that it fulfills requirements necessary to complete a vocational technical education program.

4.9 (c) To participate in the program, an eligible employer must enter into a written  
 4.10 agreement with an eligible institution specifying that the intern:

4.11 ~~(1) would not have been hired without the tax credit described in subdivision 4;~~

4.12 ~~(2) did not work for the employer in the same or a similar job prior to entering~~  
 4.13 ~~the agreement;~~

4.14 ~~(3) (2) does not replace an existing employee;~~

4.15 ~~(4) (3) has not previously participated in the program;~~

4.16 ~~(5) (4) will be employed at a location in greater Minnesota;~~

4.17 ~~(6) (5) will be paid at least minimum wage for a minimum of 16 hours per week~~  
 4.18 ~~for a period of at least eight weeks; and~~

4.19 ~~(7) (6) will be supervised and evaluated by the employer.~~

4.20 (d) The written agreement between the eligible institution and the eligible employer  
 4.21 must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total  
 4.22 dollar amount of credits that an eligible institution certifies to eligible employers in a  
 4.23 calendar year may not exceed the amount of its allocation under subdivision 4.

4.24 (e) Participating eligible institutions and eligible employers must report annually to  
 4.25 the office. The report must include at least the following:

4.26 (1) the number of interns hired;

4.27 (2) the number of hours and weeks worked by interns; and

4.28 (3) the compensation paid to interns.

4.29 ~~(f) An internship required to complete an academic program does not qualify for the~~  
 4.30 ~~greater Minnesota internship program under this section.~~

4.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 4.32 December 31, 2014.

4.33 Sec. 3. Minnesota Statutes 2014, section 270C.03, subdivision 1, is amended to read:

4.34 Subdivision 1. **Powers and duties.** The commissioner shall have and exercise  
 4.35 the following powers and duties:

- 5.1 (1) administer and enforce the assessment and collection of taxes;
- 5.2 (2) make determinations, corrections, and assessments with respect to taxes,
- 5.3 including interest, additions to taxes, and assessable penalties;
- 5.4 (3) disallow the tax effects of a transaction governed under chapter 290 that does not
- 5.5 have economic substance;
- 5.6 ~~(3)~~ (4) use statistical or other sampling techniques consistent with generally accepted
- 5.7 auditing standards in examining returns or records and making assessments;
- 5.8 ~~(4)~~ (5) investigate the tax laws of other states and countries, and formulate and
- 5.9 submit to the legislature such legislation as the commissioner may deem expedient
- 5.10 to prevent evasions of state revenue laws and to secure just and equal taxation and
- 5.11 improvement in the system of state revenue laws;
- 5.12 ~~(5)~~ (6) consult and confer with the governor upon the subject of taxation, the
- 5.13 administration of the laws in regard thereto, and the progress of the work of the
- 5.14 department, and furnish the governor, from time to time, such assistance and information
- 5.15 as the governor may require relating to tax matters;
- 5.16 ~~(6)~~ (7) execute and administer any agreement with the secretary of the treasury or the
- 5.17 Bureau of Alcohol, Tobacco, Firearms and Explosives in the Department of Justice of the
- 5.18 United States or a representative of another state regarding the exchange of information
- 5.19 and administration of the state revenue laws;
- 5.20 ~~(7)~~ (8) require town, city, county, and other public officers to report information
- 5.21 as to the collection of taxes received from licenses and other sources, and such other
- 5.22 information as may be needful in the work of the commissioner, in such form as the
- 5.23 commissioner may prescribe;
- 5.24 ~~(8)~~ (9) authorize the use of unmarked motor vehicles to conduct seizures or criminal
- 5.25 investigations pursuant to the commissioner's authority;
- 5.26 ~~(9)~~ (10) authorize the participation in audits performed by the Multistate Tax
- 5.27 Commission. For the purposes of chapter 270B, the Multistate Tax Commission will be
- 5.28 considered to be a state for the purposes of auditing corporate sales, excise, and income
- 5.29 tax returns;
- 5.30 ~~(10)~~ (11) maintain toll-free telephone access for taxpayer assistance for calls from
- 5.31 locations within the state; and
- 5.32 ~~(11)~~ (12) exercise other powers and authority and perform other duties required of or
- 5.33 imposed upon the commissioner by law.

5.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after

5.35 December 31, 2015.

6.1 Sec. 4. [270C.331] ECONOMIC SUBSTANCE.

6.2 Subdivision 1. **Economic substance.** (a) For the purposes of disallowing the  
6.3 tax effects of a transaction that does not have substance pursuant to section 270C.03,  
6.4 subdivision 1, clause (3), a transaction shall be treated as having economic substance  
6.5 only if:

6.6 (1) the transaction changes in a meaningful way, apart from tax effects, the taxpayer's  
6.7 economic position; and

6.8 (2) the taxpayer has a substantial purpose, apart from tax effects, for entering into  
6.9 the transaction.

6.10 (b) In determining whether the requirements of paragraph (a), clauses (1) and (2),  
6.11 are met, the potential for profit of a transaction shall be taken into account only if the  
6.12 present value of the reasonable expected pretax profit from the transaction is substantial in  
6.13 relation to the present value of the expected net tax benefits that would be allowed if the  
6.14 transaction was respected. Fees and other transaction expenses shall be taken into account  
6.15 as expenses in determining pretax profit.

6.16 (c) For the purposes of paragraph (a), clause (2), achieving a financial accounting  
6.17 benefit shall not be taken into account as a purpose for entering into a transaction if the  
6.18 origin of such financial accounting benefit is a reduction of federal, state, or local tax.

6.19 Subd. 2. **Apart from tax effects.** For purposes of this section, "apart from tax  
6.20 effects" means without regard to the state and local tax effects arising from the application  
6.21 of the laws of any state or local unit of government to the form of the transaction, the  
6.22 federal tax effects, or both.

6.23 Subd. 3. **Transaction.** For purposes of this section and section 270C.03, subdivision  
6.24 1, clause (3), "transaction" includes a series of transactions.

6.25 Subd. 4. **Personal transactions of individuals.** In the case of an individual,  
6.26 subdivision 1 shall only apply to transactions entered into in connection with the trade or  
6.27 business activity engaged in for the production of income.

6.28 Subd. 5. **Commissioner to issue guidance.** (a) The commissioner shall promulgate  
6.29 guidance on how the provisions of this section will be applied. The guidance must  
6.30 include, at a minimum, types of transactions that will not be challenged as not having  
6.31 economic substance, and types of transactions that would be challenged as not having  
6.32 economic substance.

6.33 (b) The commissioner shall promulgate rules setting forth how the requirements  
6.34 of subdivision 1, paragraphs (a) and (b), would be determined, including definitions of  
6.35 relevant terms used in this section that the commissioner would apply in determining  
6.36 whether a transaction has economic substance.

7.1 (c) The commissioner shall establish and publish a formal departmental procedure  
 7.2 for uniform application of this section.

7.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 7.4 December 31, 2015, except that subdivision 5 is effective the day following final enactment.

7.5 Sec. 5. Minnesota Statutes 2014, section 289A.02, subdivision 7, as amended by Laws  
 7.6 2015, chapter 1, section 1, is amended to read:

7.7 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
 7.8 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
 7.9 ~~31, 2014~~ April 1, 2015.

7.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 7.11 December 31, 2014.

7.12 Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 4a, is amended to read:

7.13 Subd. 4a. **Financial institution.** (a) "Financial institution" means:

7.14 (1) ~~a holding company~~ any corporation or other business entity registered (i) under  
 7.15 state law as a bank holding company; (ii) under the federal Bank Holding Company Act  
 7.16 of 1956, as amended; or (iii) as a savings and loan holding company under the federal  
 7.17 National Housing Act, as amended;

7.18 (2) ~~any regulated financial corporation; or~~ a national bank organized and existing  
 7.19 as a national bank association pursuant to the provisions of United States Code, title  
 7.20 12, chapter 2;

7.21 (3) ~~any other corporation organized under the laws of the United States or organized~~  
 7.22 ~~under the laws of this state or any other state or country that is carrying on the business of~~  
 7.23 ~~a financial institution.~~ a savings association or federal savings bank as defined in United  
 7.24 States Code, title 12, section 1813(b)(1);

7.25 (4) any bank or thrift institution incorporated or organized under the laws of any state;

7.26 (5) any corporation organized under United States Code, title 12, sections 611 to 631;

7.27 (6) any agency or branch of a foreign depository as defined under United States  
 7.28 Code, title 12, section 3101;

7.29 (7) any corporation or other business entity that is more than 50 percent owned,  
 7.30 directly or indirectly, by any person or business entity described in clauses (1) to (6), other  
 7.31 than an insurance company taxable under chapter 297I;

7.32 (8) a corporation or other business entity that derives more than 50 percent of its  
 7.33 total gross income for financial accounting purposes from finance leases. For the purposes

8.1 of this clause, "gross income" is the average from the current tax year and immediately  
8.2 preceding two years and excludes gross income from incidental or occasional transactions.

8.3 For purposes of this clause, "finance lease" means any lease transaction which is the  
8.4 functional equivalent of an extension of credit, and that transfers substantially all of the  
8.5 benefits and risks incident to the ownership of property, including any direct financing  
8.6 lease or leverage lease that meets the criteria of Financial Accounting Standards Board  
8.7 Statement No. 13, accounting for leases, or any other lease that is accounted for as  
8.8 financing by a lessor under generally accepted accounting principles; or

8.9 (9) any other person or business entity, other than an insurance company taxable under  
8.10 chapter 297I, which derives more than 50 percent of its gross income from activities that an  
8.11 entity described in clauses (2) to (6), or (8), is authorized to transact. For the purposes of  
8.12 this clause, gross income does not include income from nonrecurring, extraordinary items.

8.13 (b) "Holding company" means any corporation registered under the Federal Bank  
8.14 Holding Company Act of 1956, as amended, or registered as a savings and loan holding  
8.15 company under the Federal National Housing Act, as amended, or a federal savings  
8.16 bank holding company. The commissioner is authorized to exclude any person from the  
8.17 application of paragraph (a), clause (9), if the person proves by clear and convincing  
8.18 evidence that the person's income-producing activity is not in substantial competition with  
8.19 any person described in paragraph (a), clauses (2) to (6), or (8).

8.20 (c) "Regulated financial corporation" means an institution, the deposits or accounts  
8.21 of which are insured under the Federal Deposit Insurance Act or by the Federal Savings  
8.22 and Loan Insurance Corporation, any institution which is a member of a Federal Home  
8.23 Loan Bank, any other bank or thrift institution incorporated or organized under the laws of  
8.24 any state or any foreign country which is engaged in the business of receiving deposits,  
8.25 any corporation organized under the provisions of United States Code, title 12, sections  
8.26 611 to 631 (Edge Act Corporations), and any agency of a foreign depository as defined in  
8.27 United States Code, title 12, section 3101.

8.28 (d) "Business of a financial institution" means:

8.29 (1) the business that any corporation organized under the authority of the United  
8.30 States or organized under the laws of this state or any other state or country does or has  
8.31 authority to do which is substantially similar to the business which a corporation may be  
8.32 created to do under chapters 46 to 55 or any business which a corporation is authorized  
8.33 to do by those laws; or

8.34 (2) the business that any corporation organized under the authority of the United  
8.35 States or organized under the laws of this state or any other state or country does or has  
8.36 authority to do if the corporation derives more than 50 percent of its gross income from

9.1 ~~lending activities (including discounting obligations) in substantial competition with the~~  
 9.2 ~~businesses described in clause (1). For purposes of this clause, the computation of the gross~~  
 9.3 ~~income of a corporation does not include income from nonrecurring, extraordinary items.~~

9.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 9.5 December 31, 2014.

9.6 Sec. 7. Minnesota Statutes 2014, section 290.01, subdivision 7, is amended to read:

9.7 Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled  
 9.8 in Minnesota, except that an individual is not a "resident" for the period of time that  
 9.9 the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal  
 9.10 Revenue Code, if the qualified individual notifies the county within three months of  
 9.11 moving out of the country that homestead status be revoked for the Minnesota residence  
 9.12 of the qualified individual, and the property is not classified as a homestead while the  
 9.13 individual remains a qualified individual.

9.14 (b) "Resident" also means any individual domiciled outside the state who maintains  
 9.15 a place of abode in the state and spends in the aggregate more than one-half of the tax  
 9.16 year in Minnesota, unless:

9.17 (1) the individual or the spouse of the individual is in the armed forces of the United  
 9.18 States; or

9.19 (2) the individual is covered under the reciprocity provisions in section 290.081.

9.20 For purposes of this subdivision, presence within the state for any part of a calendar  
 9.21 day constitutes a day spent in the state. Individuals shall keep adequate records to  
 9.22 substantiate the days spent outside the state, except that a day spent in Minnesota for the  
 9.23 primary purpose of receiving medical treatment by the taxpayer, or the spouse, child, or  
 9.24 parent of the taxpayer, is not treated as a day spent in Minnesota. "Medical treatment"  
 9.25 means treatment as defined in section 213(d)(1)(A) of the Internal Revenue Code.

9.26 The term "abode" means a dwelling maintained by an individual, whether or not  
 9.27 owned by the individual and whether or not occupied by the individual, and includes a  
 9.28 dwelling place owned or leased by the individual's spouse.

9.29 (c) In determining where an individual is domiciled, neither the commissioner nor  
 9.30 any court shall consider:

9.31 (1) charitable contributions made by an the individual within or without the state in  
 9.32 determining if the individual is domiciled in Minnesota;

9.33 (2) the location of the individual's attorney, certified public accountant, or financial  
 9.34 advisor; or

10.1 (3) the place of business of a financial institution at which the individual applies for  
 10.2 any new type of credit or at which the individual opens or maintains any type of account.

10.3 (d) For purposes of this subdivision, the following terms have the meanings given  
 10.4 them:

10.5 (1) "financial advisor" means an individual, financial institution, or other firm  
 10.6 engaged in the business of providing services related to trust and estate administration;  
 10.7 financial advice and budgeting; investment selection or allocation; or purchase of life,  
 10.8 disability, long-term care, annuities, or similar insurance products; and includes certified  
 10.9 financial planners, registered investment advisors, securities broker-dealers, associated  
 10.10 persons and representatives of registered investment advisors and securities broker-dealers,  
 10.11 agents licensed to sell life insurance or annuities, and similar regulated products; and

10.12 (2) "financial institution" means a financial institution as that term is defined in  
 10.13 section 47.015, subdivision 1, a state or nationally chartered credit union, and a registered  
 10.14 broker-dealer under the Securities and Exchange Act of 1934.

10.15 **EFFECTIVE DATE.** Changes to paragraph (b) are effective for taxable years  
 10.16 beginning after December 31, 2014. Changes to paragraphs (c) and (d) are effective the day  
 10.17 following final enactment, except that they do not apply to any case for which an appeal,  
 10.18 petition, or complaint has been filed in tax court or district court on or after April 28, 2015.

10.19 Sec. 8. Minnesota Statutes 2014, section 290.01, subdivision 19, as amended by Laws  
 10.20 2015, chapter 1, section 2, is amended to read:

10.21 Subd. 19. **Net income.** The term "net income" means the federal taxable income,  
 10.22 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the  
 10.23 date named in this subdivision, incorporating the federal effective dates of changes to the  
 10.24 Internal Revenue Code and any elections made by the taxpayer in accordance with the  
 10.25 Internal Revenue Code in determining federal taxable income for federal income tax  
 10.26 purposes, and with the modifications provided in subdivisions 19a to 19f.

10.27 In the case of a regulated investment company or a fund thereof, as defined in section  
 10.28 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
 10.29 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
 10.30 except that:

10.31 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal  
 10.32 Revenue Code does not apply;

10.33 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal  
 10.34 Revenue Code must be applied by allowing a deduction for capital gain dividends and

11.1 exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal  
11.2 Revenue Code; and

11.3 (3) the deduction for dividends paid must also be applied in the amount of any  
11.4 undistributed capital gains which the regulated investment company elects to have treated  
11.5 as provided in section 852(b)(3)(D) of the Internal Revenue Code.

11.6 The net income of a real estate investment trust as defined and limited by section  
11.7 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
11.8 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

11.9 The net income of a designated settlement fund as defined in section 468B(d) of  
11.10 the Internal Revenue Code means the gross income as defined in section 468B(b) of the  
11.11 Internal Revenue Code.

11.12 The Internal Revenue Code of 1986, as amended through ~~December 31, 2014~~ April  
11.13 1, 2015, shall be in effect for taxable years beginning after December 31, 1996.

11.14 Except as otherwise provided, references to the Internal Revenue Code in  
11.15 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for  
11.16 the applicable year.

11.17 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
11.18 except the changes incorporated by federal changes are effective retroactively at the same  
11.19 time the changes were effective for federal purposes.

11.20 Sec. 9. Minnesota Statutes 2014, section 290.01, is amended by adding a subdivision  
11.21 to read:

11.22 Subd. 19i. **Accelerated recognition of certain installment sale gains.** (a) For the  
11.23 purposes of this subdivision, the following definitions apply:

11.24 (1) "realized" means realized as defined by section 1001(b) of the Internal Revenue  
11.25 Code;

11.26 (2) "installment sale" means any installment sale under section 453 of the Internal  
11.27 Revenue Code, and any other sale which is reported utilizing a method of accounting  
11.28 authorized under subchapter E of the Internal Revenue Code, which allows taxpayers to  
11.29 delay reporting or recognition of a realized gain until a future year; and

11.30 (3) "allocable amount" means the full amount to be apportioned to Minnesota under  
11.31 section 290.191, or the full amount to be assigned under section 290.17.

11.32 (b) In the case of a nonresident individual or a person who becomes a nonresident  
11.33 individual during the tax year, net income includes the allocable amount realized upon a  
11.34 sale of the assets of, or the sale of any interest in, an S corporation or partnership which  
11.35 operated in Minnesota during the taxable year of sale, including any income or gain to be

12.1 recognized in future years pursuant to an installment sale method of reporting under the  
12.2 Internal Revenue Code.

12.3 (c) An individual who becomes a nonresident of Minnesota in any year after an  
12.4 installment sale is required to recognize the full amount of any income or gain not  
12.5 recognized in a prior year on the individual's final Minnesota resident tax return.

12.6 (d) Notwithstanding paragraphs (b) and (c), taxpayers may elect to defer the  
12.7 recognition of installment sale gains by making an election under this paragraph. The  
12.8 election must be filed on a form prescribed by the commissioner and must be filed by  
12.9 the due date of the individual tax return, including any extension. Electing taxpayers  
12.10 are required to:

12.11 (1) file Minnesota tax returns in all subsequent years when gains from the installment  
12.12 sale are recognized and reported to the Internal Revenue Service;

12.13 (2) allocate gains to the state of Minnesota as though the gains were incurred in the  
12.14 year of sale under section 290.191 or 290.17; and

12.15 (3) include all relevant federal tax documents reporting the installment sale with  
12.16 subsequent Minnesota tax returns.

12.17 (e) Income or gain recognized for Minnesota purposes under paragraphs (b) and (c)  
12.18 and subjected to tax, is excluded from net income in future years.

12.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
12.20 December 31, 2014.

12.21 Sec. 10. Minnesota Statutes 2014, section 290.01, subdivision 31, as amended by Laws  
12.22 2015, chapter 1, section 3, is amended to read:

12.23 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
12.24 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~  
12.25 ~~31, 2014~~ April 1, 2015. Internal Revenue Code also includes any uncodified provision in  
12.26 federal law that relates to provisions of the Internal Revenue Code that are incorporated  
12.27 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,  
12.28 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as  
12.29 amended through March 18, 2010.

12.30 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
12.31 except the changes incorporated by federal changes are effective retroactively at the same  
12.32 time the changes were effective for federal purposes.

13.1 Sec. 11. Minnesota Statutes 2014, section 290.06, is amended by adding a subdivision  
13.2 to read:

13.3 Subd. 37. **Refundable film production credit.** (a) A taxpayer is allowed a  
13.4 credit against the taxes due under this chapter equal to 25 percent of film production  
13.5 and postproduction expenditures made in Minnesota that are directly attributable to film  
13.6 production in Minnesota.

13.7 (b) For purposes of this subdivision, "film" has the meaning given in section 116U.26.

13.8 (c) Expenditures that qualify for the credit under this subdivision must be  
13.9 "production costs" as that term is defined in section 116U.26 and must be subject to  
13.10 taxation in Minnesota.

13.11 (d) If the amount of the credit under this subdivision exceeds the taxpayer's tax  
13.12 liability under this chapter for the taxable year, the amount of the excess must be refunded  
13.13 to the taxpayer. The amount necessary to pay the refunds under this subdivision is  
13.14 appropriated annually from the general fund to the commissioner of revenue.

13.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
13.16 December 31, 2015.

13.17 Sec. 12. Minnesota Statutes 2014, section 290.0671, subdivision 1, is amended to read:

13.18 Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is  
13.19 allowed a credit against the tax imposed by this chapter equal to a percentage of earned  
13.20 income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the  
13.21 Internal Revenue Code.

13.22 (b) For individuals with no qualifying children, the credit equals 2.10 percent of the  
13.23 first \$6,180 of earned income. The credit is reduced by 2.01 percent of earned income  
13.24 or adjusted gross income, whichever is greater, in excess of \$8,130, but in no case is  
13.25 the credit less than zero.

13.26 (c) For individuals with one qualifying child, the credit equals 9.35 percent of the  
13.27 first \$11,120 of earned income. The credit is reduced by 6.02 percent of earned income  
13.28 or adjusted gross income, whichever is greater, in excess of \$21,190, but in no case is  
13.29 the credit less than zero.

13.30 (d) For individuals with two or more qualifying children, the credit equals 11 percent  
13.31 of the first \$18,240 of earned income. The credit is reduced by 10.82 percent of earned  
13.32 income or adjusted gross income, whichever is greater, in excess of \$25,130, but in no  
13.33 case is the credit less than zero.

13.34 (e) For a ~~nonresident~~ or part-year resident, the credit must be allocated based on the  
13.35 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

14.1 (f) For a person who was a resident for the entire tax year and has earned income  
14.2 not subject to tax under this chapter, including income excluded under section 290.01,  
14.3 subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal  
14.4 adjusted gross income reduced by the earned income not subject to tax under this chapter  
14.5 over federal adjusted gross income. For purposes of this paragraph, the subtractions  
14.6 for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not  
14.7 considered "earned income not subject to tax under this chapter."

14.8 For the purposes of this paragraph, the exclusion of combat pay under section 112  
14.9 of the Internal Revenue Code is not considered "earned income not subject to tax under  
14.10 this chapter."

14.11 (g) For tax years beginning after December 31, 2007, and before December 31,  
14.12 2010, and for tax years beginning after December 31, 2017, the \$8,130 in paragraph (b),  
14.13 the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for  
14.14 inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint  
14.15 returns. For tax years beginning after December 31, 2008, the commissioner shall annually  
14.16 adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f)  
14.17 of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be  
14.18 substituted for the word "1992." For 2009, the commissioner shall then determine the  
14.19 percent change from the 12 months ending on August 31, 2007, to the 12 months ending on  
14.20 August 31, 2008, and in each subsequent year, from the 12 months ending on August 31,  
14.21 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The  
14.22 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the  
14.23 amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the  
14.24 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

14.25 (h)(1) For tax years beginning after December 31, 2012, and before January 1, 2014,  
14.26 the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d),  
14.27 after being adjusted for inflation under subdivision 7, are increased by \$5,340 for married  
14.28 taxpayers filing joint returns; and (2) for tax years beginning after December 31, 2013, and  
14.29 before January 1, 2018, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the  
14.30 \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each  
14.31 increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning  
14.32 after December 31, 2010, and before January 1, 2012, and for tax years beginning after  
14.33 December 31, 2013, and before January 1, 2018, the commissioner shall annually adjust  
14.34 the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of  
14.35 the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be  
14.36 substituted for the word "1992." For 2011, the commissioner shall then determine the

15.1 percent change from the 12 months ending on August 31, 2008, to the 12 months ending on  
15.2 August 31, 2010, and in each subsequent year, from the 12 months ending on August 31,  
15.3 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The  
15.4 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the  
15.5 amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the  
15.6 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

15.7 (i) The commissioner shall construct tables showing the amount of the credit at  
15.8 various income levels and make them available to taxpayers. The tables shall follow  
15.9 the schedule contained in this subdivision, except that the commissioner may graduate  
15.10 the transition between income brackets.

15.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
15.12 December 31, 2014.

15.13 Sec. 13. Minnesota Statutes 2014, section 290.0671, subdivision 6a, is amended to read:

15.14 Subd. 6a. **TANF appropriation for working family credit expansion.** (a) On  
15.15 an annual basis the commissioner of revenue, with the assistance of the commissioner  
15.16 of human services, shall calculate the value of the refundable portion of the Minnesota  
15.17 Working Family Credit provided under this section that qualifies for payment with funds  
15.18 from the federal Temporary Assistance for Needy Families (TANF) block grant. Of this  
15.19 total amount, the commissioner of revenue shall estimate the portion entailed by the  
15.20 expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17,  
15.21 for individuals with qualifying children over the rates provided in Laws 1999, chapter  
15.22 243, article 2, section 12.

15.23 (b) An amount sufficient to pay the refunds entailed by the expansion of the credit  
15.24 rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with  
15.25 qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section  
15.26 12, as estimated in paragraph (a), is appropriated to the commissioner of human services  
15.27 from the federal Temporary Assistance for Needy Families (TANF) block grant funds, for  
15.28 transfer to the commissioner of revenue for deposit in the general fund.

15.29 **EFFECTIVE DATE.** This section is effective only for transfers in fiscal year 2015.

15.30 Sec. 14. Minnesota Statutes 2014, section 290.0674, subdivision 1, is amended to read:

15.31 Subdivision 1. **Credit allowed.** An individual is allowed a credit against the  
15.32 tax imposed by this chapter in an amount equal to 75 percent of the amount paid for

16.1 education-related expenses for a qualifying child in ~~kindergarten~~ preschool through grade  
16.2 12. For purposes of this section, "education-related expenses" means:

16.3 (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision  
16.4 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers  
16.5 Association, and who is not a lineal ancestor or sibling of the dependent for instruction  
16.6 outside the regular school day or school year, including tutoring, driver's education  
16.7 offered as part of school curriculum, regardless of whether it is taken from a public or  
16.8 private entity or summer camps, in grade or age appropriate curricula that supplement  
16.9 curricula and instruction available during the regular school year, that assists a dependent  
16.10 to improve knowledge of core curriculum areas or to expand knowledge and skills under  
16.11 the required academic standards under section 120B.021, subdivision 1, and the elective  
16.12 standard under section 120B.022, subdivision 1, clause (2), and that do not include the  
16.13 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such  
16.14 tenets, doctrines, or worship;

16.15 (2) expenses for textbooks, including books and other instructional materials and  
16.16 equipment purchased or leased for use in preschool, elementary<sub>2</sub> and secondary schools  
16.17 in teaching only those subjects legally and commonly taught in public elementary and  
16.18 secondary schools in this state. "Textbooks" does not include instructional books and  
16.19 materials used in the teaching of religious tenets, doctrines, or worship, the purpose of  
16.20 which is to instill such tenets, doctrines, or worship, nor does it include books or materials  
16.21 for extracurricular activities including sporting events, musical or dramatic events, speech  
16.22 activities, driver's education, or similar programs;

16.23 (3) a maximum expense of \$200 per family for personal computer hardware,  
16.24 excluding single purpose processors, and educational software that assists a dependent to  
16.25 improve knowledge of core curriculum areas or to expand knowledge and skills under  
16.26 the required academic standards under section 120B.021, subdivision 1, and the elective  
16.27 standard under section 120B.022, subdivision 1, clause (2), purchased for use in the  
16.28 taxpayer's home and not used in a trade or business regardless of whether the computer is  
16.29 required by the dependent's school; and

16.30 (4) the amount paid to others for transportation of a qualifying child attending ~~an~~ a  
16.31 preschool, elementary<sub>2</sub> or secondary school situated in Minnesota, North Dakota, South  
16.32 Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's  
16.33 compulsory attendance laws, which is not operated for profit, and which adheres to the  
16.34 provisions of the Civil Rights Act of 1964 and chapter 363A.

16.35 For purposes of this section, "qualifying child" has the meaning given in section  
16.36 32(c)(3) of the Internal Revenue Code who is at least four years old when the expenses

17.1 are incurred. "Preschool" means the Head Start program under section 119A.50 or a  
 17.2 school district prekindergarten program.

17.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 17.4 December 31, 2014.

17.5 Sec. 15. Minnesota Statutes 2014, section 290.0674, subdivision 2, is amended to read:

17.6 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~  
 17.7 \$45,000, the maximum credit allowed for a family is \$1,000 multiplied by the number  
 17.8 of qualifying children in ~~kindergarten~~ preschool through grade 12 in the family. The  
 17.9 maximum credit for families with one qualifying child in ~~kindergarten~~ preschool through  
 17.10 grade 12 is reduced by \$1 for each \$4 of household income over ~~\$33,500~~ \$45,000, and  
 17.11 the maximum credit for families with two or more qualifying children in kindergarten  
 17.12 through grade 12 is reduced by \$2 for each \$4 of household income over ~~\$33,500~~ \$45,000,  
 17.13 but in no case is the credit less than zero.

17.14 For purposes of this section "income" has the meaning given in section 290.067,  
 17.15 subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint  
 17.16 income tax return is filed.

17.17 (b) For a nonresident or part-year resident, the credit determined under subdivision 1  
 17.18 and the maximum credit amount in paragraph (a) must be allocated using the percentage  
 17.19 calculated in section 290.06, subdivision 2c, paragraph (e).

17.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 17.21 December 31, 2014.

17.22 Sec. 16. Minnesota Statutes 2014, section 290.068, subdivision 1, is amended to read:

17.23 Subdivision 1. **Credit allowed.** Subject to the requirements in subdivision 8, a  
 17.24 corporation, ~~partners in a partnership, or shareholders in a corporation treated as an "S"~~  
 17.25 corporation under section 290.9725 are individual, trust, or estate is allowed a credit  
 17.26 against the tax computed under this chapter for the taxable year equal to:

- 17.27 (a) ten percent of the first \$2,000,000 of the excess (if any) of  
 17.28 (1) the qualified research expenses for the taxable year, over  
 17.29 (2) the base amount; and  
 17.30 (b) 2.5 percent on all of such excess expenses over \$2,000,000.

17.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 17.32 December 31, 2014.

18.1 Sec. 17. Minnesota Statutes 2014, section 290.068, subdivision 2, is amended to read:

18.2 Subd. 2. **Definitions.** For purposes of this section, the following terms have the  
18.3 meanings given.

18.4 (a) "Qualified research expenses" means (i) qualified research expenses and basic  
18.5 research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except  
18.6 it does not include expenses incurred for qualified research or basic research conducted  
18.7 outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue  
18.8 Code; and (ii) contributions to a nonprofit corporation established and operated pursuant  
18.9 to the provisions of chapter 317A for the purpose of promoting the establishment and  
18.10 expansion of business in this state, provided the contributions are invested by the nonprofit  
18.11 corporation for the purpose of providing funds for small, technologically innovative  
18.12 enterprises in Minnesota during the early stages of their development.

18.13 (b) "Qualified research" means qualified research as defined in section 41(d) of the  
18.14 Internal Revenue Code, except that the term does not include qualified research conducted  
18.15 outside the state of Minnesota.

18.16 (c) "Base amount" means base amount as defined in section 41(c) of the Internal  
18.17 Revenue Code, except that the average annual gross receipts must be calculated using  
18.18 Minnesota sales or receipts under section 290.191 and the definitions contained in clauses  
18.19 (a) and (b) shall apply. If there are inadequate records or the records are unavailable to  
18.20 compute or verify the base percentage, a fixed base percentage of 16 percent must be used.

18.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
18.22 December 31, 2014.

18.23 Sec. 18. Minnesota Statutes 2014, section 290.068, subdivision 3, is amended to read:

18.24 Subd. 3. **Limitation; carryover.** (a) Except as provided in subdivision 6a,  
18.25 paragraph (b), the credit for a taxable year beginning before January 1, 2010, and after  
18.26 December 31, 2012, shall not exceed the liability for tax. "Liability for tax" for purposes  
18.27 of this section means the sum of the tax imposed under section 290.06, subdivisions 1 and  
18.28 2c, for the taxable year reduced by the sum of the nonrefundable credits allowed under  
18.29 this chapter, on all of the entities required to be included on the combined report of the  
18.30 unitary business. If the amount of the credit allowed exceeds the liability for tax of the  
18.31 taxpayer, but is allowed as a result of the liability for tax of other members of the unitary  
18.32 group for the taxable year, the taxpayer must allocate the excess as a research credit  
18.33 to another member of the unitary group.

18.34 (b) In the case of a corporation which is a partner in a partnership, the credit allowed  
18.35 for the taxable year shall not exceed the lesser of the amount determined under paragraph

19.1 (a) for the taxable year or an amount (separately computed with respect to the corporation's  
19.2 interest in the trade or business or entity) equal to the amount of tax attributable to that  
19.3 portion of taxable income which is allocable or apportionable to the corporation's interest  
19.4 in the trade or business or entity.

19.5 (c) If the amount of the credit determined under this section for any taxable year  
19.6 exceeds the limitation under paragraph (a) or (b), including amounts allowed as a refund  
19.7 under subdivision 6a, paragraph (b), or allocated to other members of the unitary group,  
19.8 the excess shall be a research credit carryover to each of the 15 succeeding taxable years.  
19.9 The entire amount of the excess unused credit for the taxable year shall be carried first  
19.10 to the earliest of the taxable years to which the credit may be carried and then to each  
19.11 successive year to which the credit may be carried. The amount of the unused credit  
19.12 which may be added under this clause shall not exceed the taxpayer's liability for tax  
19.13 less the research credit for the taxable year.

19.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
19.15 December 31, 2014.

19.16 Sec. 19. Minnesota Statutes 2014, section 290.068, subdivision 6a, is amended to read:

19.17 Subd. 6a. **Credit to be refundable.** (a) If the amount of credit allowed in this  
19.18 section for qualified research expenses incurred in taxable years beginning after December  
19.19 31, 2009, and before January 1, 2013, exceeds the taxpayer's tax liability under this  
19.20 chapter, the commissioner shall refund the excess amount. The credit allowed for qualified  
19.21 research expenses incurred in taxable years beginning after December 31, 2009, and before  
19.22 January 1, 2013, must be used before any research credit earned under subdivision 3.

19.23 (b) If the first \$15,000 of the credit allowed in this section for qualified research  
19.24 expenses incurred in taxable years beginning after December 31, 2014, exceeds the  
19.25 taxpayer's tax liability under this chapter, the commissioner shall refund the excess  
19.26 amount. The \$15,000 limit must be applied at the corporation, partnership, or other entity  
19.27 level, including sole proprietorships. The credit allowed for qualified research expenses  
19.28 incurred in taxable years beginning before January 1, 2015, must be used before any  
19.29 research credit earned under subdivision 3.

19.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
19.31 December 31, 2014.

19.32 Sec. 20. Minnesota Statutes 2014, section 290.068, is amended by adding a subdivision  
19.33 to read:

20.1 Subd. 8. **Application and certification requirement for sole proprietors.** (a) A  
20.2 taxpayer who is a sole proprietor claiming a credit under this section must submit an  
20.3 application to the commissioner for determination that the expenses for which the credit is  
20.4 claimed are qualified research expenses. The application must be submitted by September  
20.5 15 of the calendar year following the taxable year in which the qualified research  
20.6 expenses were incurred. The application must be in a form and manner prescribed by the  
20.7 commissioner and must contain information sufficient to verify that the expenses for  
20.8 which the credit is claimed under this section are qualified research expenses.

20.9 (b) The commissioner must notify the sole proprietor of the determination of the  
20.10 application under paragraph (a) no later than 60 days after the application is received.

20.11 (c) Upon approving an application for credit under paragraph (a), the commissioner  
20.12 must issue a credit certificate to the sole proprietor that verifies eligibility for the credit  
20.13 and states the amount of credit and the taxable year to which the credit applies.

20.14 (d) The sole proprietor must claim the credit under this section in the return for the  
20.15 taxable year immediately following the taxable year to which the credit applies. The  
20.16 return must contain a copy of the credit certificate issued under paragraph (c).

20.17 (e) A credit must not be issued under this section unless the commissioner has  
20.18 received the certification required under paragraph (c).

20.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
20.20 December 31, 2014.

20.21 Sec. 21. **[290.0693] MINNESOTA COLLEGE SAVINGS PLAN CREDIT.**

20.22 Subdivision 1. **Definitions.** For purposes of this section, the terms "Minnesota  
20.23 college savings plan," "account," "nonqualified distribution," and "plan administrator"  
20.24 have the meanings given them in chapter 136G.

20.25 Subd. 2. **Credit allowed.** (a) A credit of up to \$500 is allowed against the tax  
20.26 imposed by this chapter, subject to the limitations in paragraph (b).

20.27 (b) The credit allowed must be calculated by applying the following rates to the  
20.28 amount contributed to a Minnesota college savings plan, as established in chapter 136G,  
20.29 in a taxable year:

20.30 (1) 200 percent for individual filers and married couples filing a joint return who  
20.31 have federal adjusted gross income of not more than 150 percent of the federal poverty  
20.32 guideline for a household size of four;

20.33 (2) 100 percent for individual filers and married couples filing a joint return who  
20.34 have federal adjusted gross income over 150 percent, but not more than 200 percent of  
20.35 the federal poverty guideline for a household size of four;

21.1 (3) 50 percent for individual filers who have federal adjusted gross income over  
21.2 200 percent of the federal poverty guideline for a household size of four, but not more  
21.3 than \$80,000; and

21.4 (4) 50 percent for married couples filing a joint return who have federal adjusted  
21.5 gross income over 200 percent of the federal poverty guideline for a household size of  
21.6 four, except that the credit is reduced by \$1 for every \$160 over \$80,000 in federal  
21.7 adjusted gross income.

21.8 (c) For a nonresident or a part-year resident, the credit under this subdivision  
21.9 must be allocated based on the percentage calculated under section 290.06, subdivision  
21.10 2c, paragraph (e).

21.11 (d) The \$80,000 in paragraph (b), clauses (3) and (4), used to calculate the credit and  
21.12 phaseout must be adjusted for inflation. The commissioner shall adjust by the percentage  
21.13 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except  
21.14 that in section 1(f)(3)(B) the word "2014" shall be substituted for the word "1992." For  
21.15 2016, the commissioner shall then determine the percent change from the 12 months ending  
21.16 on August 31, 2014, to the 12 months ending on August 31, 2015, and in each subsequent  
21.17 year, from the 12 months ending on August 31, 2014, to the 12 months ending on August  
21.18 31 of the year preceding the taxable year. The earned income thresholds as adjusted for  
21.19 inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount  
21.20 is rounded up to the nearest \$10 amount. The determination of the commissioner under this  
21.21 subdivision is not a rule under the Administrative Procedure Act including section 14.386.

21.22 Subd. 3. **Credit transfer.** (a) The credit allowed under this section must be  
21.23 calculated after applying all other credits to the taxpayer's tax liability. If the amount of  
21.24 credit that the taxpayer is eligible to receive under this section exceeds the taxpayer's tax  
21.25 liability after applying all other credits, the commissioner shall transfer the excess amount  
21.26 pursuant to the requirements of paragraph (b).

21.27 (b) The commissioner shall transfer the excess amount calculated under paragraph  
21.28 (a) to the plan administrator to be deposited to the taxpayer's Minnesota college savings  
21.29 plan account. If the taxpayer made contributions to more than one account, the credit  
21.30 amount must be allocated based on the contributions to each account as a percentage  
21.31 of the total contributions to all accounts.

21.32 Subd. 4. **Verification of contribution amounts.** The commissioner of the Office of  
21.33 Higher Education must provide sufficient information to the commissioner of revenue to  
21.34 verify the taxpayer's annual contribution amounts to an account.

22.1 Subd. 5. **Recapture of credit.** In the case of a nonqualified distribution, the  
 22.2 taxpayer is liable to the commissioner for the lesser of: ten percent of the amount of the  
 22.3 nonqualified distribution, or the sum of credits received under this section for all years.

22.4 Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this  
 22.5 section is appropriated to the commissioner from the general fund.

22.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 22.7 December 31, 2015.

22.8 Sec. 22. **[290.0694] VETERANS JOBS TAX CREDIT.**

22.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms  
 22.10 have the meanings given.

22.11 (b)(1) "Qualified employee" means an employee as defined in section 290.92,  
 22.12 subdivision 1, who meets the following criteria:

22.13 (i) the employee is a resident of Minnesota on the date of hire;

22.14 (ii) the employee is paid wages as defined in section 290.92, subdivision 1; and

22.15 (iii) the employee's wages are attributable to Minnesota under section 290.191,  
 22.16 subdivision 12;

22.17 (2) "Qualified employee" does not include:

22.18 (i) any employee who bears any of the relationships to the employer described in  
 22.19 subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code;

22.20 (ii) if the employer is a corporation, an employee who owns, directly or indirectly,  
 22.21 more than 50 percent in value of the outstanding stock of the corporation, or if the  
 22.22 employer is an entity other than a corporation, an employee who owns, directly or  
 22.23 indirectly, more than 50 percent of the capital and profits interests in the entity, as  
 22.24 determined with the application of section 267(c) of the Internal Revenue Code; or

22.25 (iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate  
 22.26 or trust, or is an individual who bears any of the relationships described in subparagraphs  
 22.27 (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary,  
 22.28 or fiduciary of the estate or trust.

22.29 (c) "Qualified employer" means an employer that hired an unemployed veteran  
 22.30 as a qualified employee.

22.31 (d) "Unemployed veteran" is a veteran who was unemployed on the date of hire.

22.32 (e) "Veteran" has the meaning given in section 197.447.

22.33 (f) "Date of hire" means the day that the qualified employee begins performing  
 22.34 services as an employee of the qualified employer.

23.1 Subd. 2. **Credit for hiring unemployed veterans.** A qualified employer who  
 23.2 is required to file a return under section 289A.08, subdivision 1, 2, or 3, and hires an  
 23.3 unemployed veteran as a qualified employee, is allowed a credit against the tax imposed  
 23.4 by this chapter equal to ten percent of the wages paid to the qualified employee during the  
 23.5 taxable year, but the amount of the credit shall not exceed \$2,500. The credit is limited  
 23.6 to the liability for tax under this chapter for the taxable year. A qualified employer is  
 23.7 not eligible for the credit if the qualified employer currently employs or has previously  
 23.8 employed the qualified veteran.

23.9 Subd. 3. **Appropriation.** An amount sufficient to pay the refunds required by this  
 23.10 section is appropriated to the commissioner from the general fund.

23.11 Subd. 4. **Flow-through entities.** Credits granted to a partnership, limited liability  
 23.12 company taxed as a partnership, S corporation, or multiple owners of a business are passed  
 23.13 through to the partners, members, shareholders, or owners, respectively, pro rata to each  
 23.14 partner, member, shareholder, or owner based on their share of the entity's assets or as  
 23.15 specially allocated in their organizational documents, as of the last day of the taxable year.

23.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 23.17 December 31, 2015.

23.18 Sec. 23. **[290.0695] EMPLOYEE CREDIT FOR CERTAIN**  
 23.19 **EMPLOYER-PROVIDED FITNESS FACILITY EXPENSES.**

23.20 Subdivision 1. **Credit allowed.** (a) A taxpayer is allowed a credit against the tax  
 23.21 imposed by this chapter, subject to the requirements of this section. The credit shall not  
 23.22 exceed the taxpayer's tax liability. For married taxpayers filing a joint return, the credit is  
 23.23 \$60. For all other taxpayers, the credit is \$30.

23.24 (b) The credit is allowed to an employee whose employer either:

23.25 (1) pays a portion of any fees, dues, or membership expenses on behalf of the  
 23.26 employee to a fitness facility; or

23.27 (2) reimburses the employee for direct payment of fees, dues, or membership  
 23.28 expenses made by the employee to a fitness facility.

23.29 (c) The credit under this section is only allowed to individuals who use the fitness  
 23.30 facility for the preservation, maintenance, encouragement, or development of physical  
 23.31 fitness an average of four days per month, but if the fitness facility is used fewer than three  
 23.32 days per month, the credit is not allowed. The commissioner shall prescribe the form and  
 23.33 manner in which eligibility for the credit is determined.

23.34 (d) For purposes of this section, "fitness facility" means a facility located in the state:

24.1 (1) that provides instruction in a program of physical exercise; offers facilities for  
 24.2 the preservation, maintenance, encouragement, or development of physical fitness; or is  
 24.3 the site of such a program of a state or local government;

24.4 (2) that is not a private club owned and operated by its members;

24.5 (3) that does not offer golf, hunting, sailing, or horseback riding facilities;

24.6 (4) whose fitness facility is not incidental to its overall function and purpose;

24.7 (5) that is compliant with antidiscrimination laws under chapter 363A and applicable  
 24.8 federal antidiscrimination laws; and

24.9 (6) is located off the employer's premises.

24.10 Subd. 2. **Limitation.** The credit under this section applies only if the employer's  
 24.11 payment of fees, dues, or membership expenses to a fitness facility is available on  
 24.12 substantially the same terms to each member of a group of employees defined under a  
 24.13 reasonable classification by the employer, but no classification may include only highly  
 24.14 compensated employees, as defined under section 414(q) of the Internal Revenue Code, or  
 24.15 any other group that includes only executives, directors, or other managerial employees.

24.16 Subd. 3. **Nonresidents and part-year residents; flow-through entities.** For a  
 24.17 nonresident or part-year resident, the credit must be allocated based on the percentage  
 24.18 calculated under section 290.06, subdivision 2c, paragraph (e).

24.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 24.20 December 31, 2014.

24.21 Sec. 24. Minnesota Statutes 2014, section 290.17, subdivision 4, is amended to read:

24.22 **Subd. 4. Unitary business principle.** (a) If a trade or business conducted wholly  
 24.23 within this state or partly within and partly without this state is part of a unitary business,  
 24.24 the entire income of the unitary business is subject to apportionment pursuant to section  
 24.25 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary  
 24.26 business is considered to be derived from any particular source and none may be allocated  
 24.27 to a particular place except as provided by the applicable apportionment formula. The  
 24.28 provisions of this subdivision do not apply to business income subject to subdivision 5,  
 24.29 income of an insurance company, or income of an investment company determined under  
 24.30 section 290.36.

24.31 (b) The term "unitary business" means business activities or operations which  
 24.32 result in a flow of value between them. The term may be applied within a single legal  
 24.33 entity or between multiple entities and without regard to whether each entity is a sole  
 24.34 proprietorship, a corporation, a partnership or a trust.

25.1 (c) Unity is presumed whenever there is unity of ownership, operation, and use,  
25.2 evidenced by centralized management or executive force, centralized purchasing,  
25.3 advertising, accounting, or other controlled interaction, but the absence of these  
25.4 centralized activities will not necessarily evidence a nonunitary business. Unity is also  
25.5 presumed when business activities or operations are of mutual benefit, dependent upon or  
25.6 contributory to one another, either individually or as a group.

25.7 (d) Where a business operation conducted in Minnesota is owned by a business  
25.8 entity that carries on business activity outside the state different in kind from that  
25.9 conducted within this state, and the other business is conducted entirely outside the state, it  
25.10 is presumed that the two business operations are unitary in nature, interrelated, connected,  
25.11 and interdependent unless it can be shown to the contrary.

25.12 (e) Unity of ownership does not exist when two or more corporations are involved  
25.13 unless more than 50 percent of the voting stock of each corporation is directly or indirectly  
25.14 owned by a common owner or by common owners, either corporate or noncorporate, or  
25.15 by one or more of the member corporations of the group. For this purpose, the term  
25.16 "voting stock" shall include membership interests of mutual insurance holding companies  
25.17 formed under section 66A.40.

25.18 (f) The net income and apportionment factors under section 290.191 or 290.20 of  
25.19 foreign corporations and other foreign entities which are part of a unitary business shall  
25.20 not be included in the net income or the apportionment factors of the unitary business;  
25.21 except that the income and apportionment factors of a foreign entity, other than an entity  
25.22 treated as a C corporation for federal income tax purposes, that are included in the federal  
25.23 taxable income, as defined in section 63 of the Internal Revenue Code as amended through  
25.24 the date named in section 290.01, subdivision 19, of a domestic corporation, domestic  
25.25 entity, or individual must be included in determining net income and the factors to be used  
25.26 in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign  
25.27 corporation or other foreign entity which is not included on a combined report and which  
25.28 is required to file a return under this chapter shall file on a separate return basis.

25.29 (g) For purposes of determining the net income of a unitary business and the factors  
25.30 to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there  
25.31 must be included only the income and apportionment factors of domestic corporations  
25.32 or other domestic entities that are determined to be part of the unitary business pursuant  
25.33 to this subdivision, notwithstanding that foreign corporations or other foreign entities  
25.34 might be included in the unitary business; except that the income and apportionment  
25.35 factors of a foreign entity, other than an entity treated as a C corporation for federal  
25.36 income tax purposes, that is included in the federal taxable income, as defined in section

26.1 63 of the Internal Revenue Code as amended through the date named in section 290.01,  
26.2 subdivision 19, of a domestic corporation, domestic entity, or individual must be included  
26.3 in determining net income and the factors to be used in the apportionment of net income  
26.4 pursuant to section 290.191 or 290.20.

26.5 (h) Each corporation or other entity, except a sole proprietorship, that is part of a  
26.6 unitary business must file combined reports as the commissioner determines. On the  
26.7 reports, all intercompany transactions between entities included pursuant to paragraph  
26.8 (g) must be eliminated and the entire net income of the unitary business determined in  
26.9 accordance with this subdivision is apportioned among the entities by using each entity's  
26.10 Minnesota factors for apportionment purposes in the numerators of the apportionment  
26.11 formula and the total factors for apportionment purposes of all entities included pursuant  
26.12 to paragraph (g) in the denominators of the apportionment formula. Except as otherwise  
26.13 provided by paragraph (f), all sales of the unitary business made within this state pursuant  
26.14 to section 290.191 or 290.20 must be included on the combined report of a corporation or  
26.15 other entity that is a member of the unitary business and is subject to the jurisdiction of  
26.16 this state to impose tax under this chapter.

26.17 (i) If a corporation has been divested from a unitary business and is included in a  
26.18 combined report for a fractional part of the common accounting period of the combined  
26.19 report:

26.20 (1) its income includable in the combined report is its income incurred for that part  
26.21 of the year determined by proration or separate accounting; and

26.22 (2) its sales, property, and payroll included in the apportionment formula must  
26.23 be prorated or accounted for separately.

26.24 (j) For purposes of this subdivision, "insurance company" means any company that is:

26.25 (1) licensed to engage in the business of insurance in Minnesota pursuant to chapter  
26.26 60A; or

26.27 (2) domiciled and licensed to engage in the business of insurance in another state  
26.28 or country that imposes retaliatory taxes, and that does not grant, on a reciprocal basis,  
26.29 exemption from such retaliatory taxes to insurance companies or their agents domiciled  
26.30 in Minnesota.

26.31 (k) For the purposes of this subdivision, "retaliatory taxes" means taxes imposed on  
26.32 insurance companies organized in another state or country that result from the fact that an  
26.33 insurance company organized in the taxing jurisdiction and doing business in the other  
26.34 jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount  
26.35 exceeding that imposed by the taxing jurisdiction upon an insurance company organized in  
26.36 the other state or country and doing business to the same extent in the taxing jurisdiction.

27.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
27.2 December 31, 2014.

27.3 Sec. 25. Minnesota Statutes 2014, section 290.191, subdivision 5, is amended to read:

27.4 Subd. 5. **Determination of sales factor.** For purposes of this section, the following  
27.5 rules apply in determining the sales factor.

27.6 (a) The sales factor includes all sales, gross earnings, or receipts received in the  
27.7 ordinary course of the business, except that the following types of income are not included  
27.8 in the sales factor:

27.9 (1) interest;

27.10 (2) dividends;

27.11 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

27.12 (4) sales of property used in the trade or business, except sales of leased property of  
27.13 a type which is regularly sold as well as leased; ~~and~~

27.14 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
27.15 Code or sales of stock; and

27.16 (6) sales of derivatives including, but not limited to, swaps, options, futures, and  
27.17 forwards.

27.18 (b) Sales of tangible personal property are made within this state if the property is  
27.19 received by a purchaser at a point within this state, regardless of the f.o.b. point, other  
27.20 conditions of the sale, or the ultimate destination of the property.

27.21 (c) Tangible personal property delivered to a common or contract carrier or foreign  
27.22 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
27.23 regardless of f.o.b. point or other conditions of the sale.

27.24 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,  
27.25 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is  
27.26 licensed by a state or political subdivision to resell this property only within the state of  
27.27 ultimate destination, the sale is made in that state.

27.28 (e) Sales made by or through a corporation that is qualified as a domestic  
27.29 international sales corporation under section 992 of the Internal Revenue Code are not  
27.30 considered to have been made within this state.

27.31 (f) Sales, rents, royalties, and other income in connection with real property is  
27.32 attributed to the state in which the property is located.

27.33 (g) Receipts from the lease or rental of tangible personal property, including finance  
27.34 leases and true leases, must be attributed to this state if the property is located in this  
27.35 state and to other states if the property is not located in this state. Receipts from the

28.1 lease or rental of moving property including, but not limited to, motor vehicles, rolling  
28.2 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
28.3 factor to the extent that the property is used in this state. The extent of the use of moving  
28.4 property is determined as follows:

28.5 (1) A motor vehicle is used wholly in the state in which it is registered.

28.6 (2) The extent that rolling stock is used in this state is determined by multiplying  
28.7 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of  
28.8 which is the miles traveled within this state by the leased or rented rolling stock and the  
28.9 denominator of which is the total miles traveled by the leased or rented rolling stock.

28.10 (3) The extent that an aircraft is used in this state is determined by multiplying the  
28.11 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
28.12 the number of landings of the aircraft in this state and the denominator of which is the  
28.13 total number of landings of the aircraft.

28.14 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
28.15 the state is determined by multiplying the receipts from the lease or rental of the property  
28.16 by a fraction, the numerator of which is the number of days during the taxable year the  
28.17 property was in this state and the denominator of which is the total days in the taxable year.

28.18 (h) Royalties and other income received for the use of or for the privilege of using  
28.19 intangible property, including patents, know-how, formulas, designs, processes, patterns,  
28.20 copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or  
28.21 similar items, must be attributed to the state in which the property is used by the purchaser.  
28.22 If the property is used in more than one state, the royalties or other income must be  
28.23 apportioned to this state pro rata according to the portion of use in this state. If the portion  
28.24 of use in this state cannot be determined, the royalties or other income must be excluded  
28.25 from both the numerator and the denominator. Intangible property is used in this state if  
28.26 the purchaser uses the intangible property or the rights therein in the regular course of its  
28.27 business operations in this state, regardless of the location of the purchaser's customers.

28.28 (i) Sales of intangible property are made within the state in which the property is  
28.29 used by the purchaser. If the property is used in more than one state, the sales must be  
28.30 apportioned to this state pro rata according to the portion of use in this state. If the  
28.31 portion of use in this state cannot be determined, the sale must be excluded from both the  
28.32 numerator and the denominator of the sales factor. Intangible property is used in this  
28.33 state if the purchaser used the intangible property in the regular course of its business  
28.34 operations in this state.

28.35 (j) Receipts from the performance of services must be attributed to the state where  
28.36 the services are received. For the purposes of this section, receipts from the performance

29.1 of services provided to a corporation, partnership, or trust may only be attributed to a  
 29.2 state where it has a fixed place of doing business. If the state where the services are  
 29.3 received is not readily determinable or is a state where the corporation, partnership, or  
 29.4 trust receiving the service does not have a fixed place of doing business, the services  
 29.5 shall be deemed to be received at the location of the office of the customer from which  
 29.6 the services were ordered in the regular course of the customer's trade or business. If the  
 29.7 ordering office cannot be determined, the services shall be deemed to be received at the  
 29.8 office of the customer to which the services are billed. Receipts received as compensation  
 29.9 by a nonresident individual for the performance of services as a member of a board of  
 29.10 directors, or similar body, are attributed to Minnesota based on the ratio of the time spent  
 29.11 in Minnesota providing services as a member of that board divided by the time spent  
 29.12 everywhere providing services as a member of that board.

29.13 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts  
 29.14 from management, distribution, or administrative services performed by a corporation  
 29.15 or trust for a fund of a corporation or trust regulated under United States Code, title 15,  
 29.16 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of  
 29.17 the fund resides. Under this paragraph, receipts for services attributed to shareholders are  
 29.18 determined on the basis of the ratio of: (1) the average of the outstanding shares in the  
 29.19 fund owned by shareholders residing within Minnesota at the beginning and end of each  
 29.20 year; and (2) the average of the total number of outstanding shares in the fund at the  
 29.21 beginning and end of each year. Residence of the shareholder, in the case of an individual,  
 29.22 is determined by the mailing address furnished by the shareholder to the fund. Residence  
 29.23 of the shareholder, when the shares are held by an insurance company as a depositor for  
 29.24 the insurance company policyholders, is the mailing address of the policyholders. In  
 29.25 the case of an insurance company holding the shares as a depositor for the insurance  
 29.26 company policyholders, if the mailing address of the policyholders cannot be determined  
 29.27 by the taxpayer, the receipts must be excluded from both the numerator and denominator.  
 29.28 Residence of other shareholders is the mailing address of the shareholder.

29.29 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after  
 29.30 December 31, 2014. Paragraph (j) is effective the day following final enactment and  
 29.31 applies retroactively to all open taxable years and returns.

29.32 Sec. 26. Minnesota Statutes 2014, section 290.21, subdivision 4, is amended to read:

29.33 Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent  
 29.34 of dividends received by a corporation during the taxable year from another corporation,  
 29.35 in which the recipient owns 20 percent or more of the stock, by vote and value, not

30.1 including stock described in section 1504(a)(4) of the Internal Revenue Code when the  
30.2 corporate stock with respect to which dividends are paid does not constitute the stock in  
30.3 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not  
30.4 constitute property held by the taxpayer primarily for sale to customers in the ordinary  
30.5 course of the taxpayer's trade or business, or when the trade or business of the taxpayer  
30.6 does not consist principally of the holding of the stocks and the collection of the income  
30.7 and gains therefrom; and

30.8 (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
30.9 an affiliated company transferred in an overall plan of reorganization and the dividend  
30.10 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as  
30.11 amended through December 31, 1989;

30.12 (ii) the remaining 20 percent of dividends if the dividends are received from a  
30.13 corporation which is subject to tax under section 290.36 and which is a member of an  
30.14 affiliated group of corporations as defined by the Internal Revenue Code and the dividend  
30.15 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as  
30.16 amended through December 31, 1989, or is deducted under an election under section  
30.17 243(b) of the Internal Revenue Code; or

30.18 (iii) the remaining 20 percent of the dividends if the dividends are received from a  
30.19 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
30.20 member of an affiliated group of corporations as defined by the Internal Revenue Code  
30.21 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
30.22 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
30.23 under an election under section 243(b) of the Internal Revenue Code.

30.24 (b) Seventy percent of dividends received by a corporation during the taxable year  
30.25 from another corporation in which the recipient owns less than 20 percent of the stock,  
30.26 by vote or value, not including stock described in section 1504(a)(4) of the Internal  
30.27 Revenue Code when the corporate stock with respect to which dividends are paid does not  
30.28 constitute the stock in trade of the taxpayer, or does not constitute property held by the  
30.29 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or  
30.30 business, or when the trade or business of the taxpayer does not consist principally of the  
30.31 holding of the stocks and the collection of income and gain therefrom.

30.32 (c) The dividend deduction provided in this subdivision shall be allowed only with  
30.33 respect to dividends that are included in a corporation's Minnesota taxable net income  
30.34 for the taxable year.

30.35 The dividend deduction provided in this subdivision does not apply to a dividend  
30.36 from a corporation which, for the taxable year of the corporation in which the distribution

31.1 is made or for the next preceding taxable year of the corporation, is a corporation exempt  
31.2 from tax under section 501 of the Internal Revenue Code.

31.3 The dividend deduction provided in this subdivision does not apply to a dividend  
31.4 received from a real estate investment trust as defined in section 856 of the Internal  
31.5 Revenue Code.

31.6 The dividend deduction provided in this subdivision applies to the amount of  
31.7 regulated investment company dividends only to the extent determined under section  
31.8 854(b) of the Internal Revenue Code.

31.9 The dividend deduction provided in this subdivision shall not be allowed with  
31.10 respect to any dividend for which a deduction is not allowed under the provisions of  
31.11 section 246(c) or 246A of the Internal Revenue Code.

31.12 (d) If dividends received by a corporation that does not have nexus with Minnesota  
31.13 under the provisions of Public Law 86-272 are included as income on the return of  
31.14 an affiliated corporation permitted or required to file a combined report under section  
31.15 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the  
31.16 determination as to whether the trade or business of the corporation consists principally  
31.17 of the holding of stocks and the collection of income and gains therefrom shall be made  
31.18 with reference to the trade or business of the affiliated corporation having a nexus with  
31.19 Minnesota.

31.20 (e) The deduction provided by this subdivision does not apply if the dividends are  
31.21 paid by a FSC as defined in section 922 of the Internal Revenue Code.

31.22 (f) If one or more of the members of the unitary group whose income is included on  
31.23 the combined report received a dividend, the deduction under this subdivision for each  
31.24 member of the unitary business required to file a return under this chapter is the product  
31.25 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage  
31.26 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business  
31.27 income apportionable to this state for the taxable year under section 290.191 or 290.20.

31.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
31.29 December 31, 2014.

31.30 Sec. 27. Minnesota Statutes 2014, section 290A.03, subdivision 15, as amended by  
31.31 Laws 2015, chapter 1, section 4, is amended to read:

31.32 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal  
31.33 Revenue Code of 1986, as amended through ~~December 31, 2014~~ April 1, 2015.

32.1 **EFFECTIVE DATE.** This section is effective for property tax refunds based on  
32.2 property taxes payable after December 31, 2015, and rent paid after December 31, 2014.

32.3 Sec. 28. Minnesota Statutes 2014, section 291.005, subdivision 1, is amended to read:

32.4 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following  
32.5 terms used in this chapter shall have the following meanings:

32.6 (1) "Commissioner" means the commissioner of revenue or any person to whom the  
32.7 commissioner has delegated functions under this chapter.

32.8 (2) "Federal gross estate" means the gross estate of a decedent as required to be valued  
32.9 and otherwise determined for federal estate tax purposes under the Internal Revenue Code,  
32.10 increased by the value of any property in which the decedent had a qualifying income  
32.11 interest for life and for which an election was made under section 291.03, subdivision 1d,  
32.12 for Minnesota estate tax purposes, but was not made for federal estate tax purposes.

32.13 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
32.14 1986, as amended through March 26, 2014.

32.15 (4) "Minnesota gross estate" means the federal gross estate of a decedent after  
32.16 (a) excluding therefrom any property included in the estate which has its situs outside  
32.17 Minnesota, and (b) including any property omitted from the federal gross estate which  
32.18 is includable in the estate, has its situs in Minnesota, and was not disclosed to federal  
32.19 taxing authorities.

32.20 (5) "Nonresident decedent" means an individual whose domicile at the time of  
32.21 death was not in Minnesota.

32.22 (6) "Personal representative" means the executor, administrator or other person  
32.23 appointed by the court to administer and dispose of the property of the decedent. If there  
32.24 is no executor, administrator or other person appointed, qualified, and acting within this  
32.25 state, then any person in actual or constructive possession of any property having a situs in  
32.26 this state which is included in the federal gross estate of the decedent shall be deemed  
32.27 to be a personal representative to the extent of the property and the Minnesota estate tax  
32.28 due with respect to the property.

32.29 (7) "Resident decedent" means an individual whose domicile at the time of death  
32.30 was in Minnesota. The provisions of section 290.01, subdivision 7, paragraphs (c) and  
32.31 (d), apply to determinations of domicile under this chapter.

32.32 (8) "Situs of property" means, with respect to:

32.33 (i) real property, the state or country in which it is located;

32.34 (ii) tangible personal property, the state or country in which it was normally kept  
32.35 or located at the time of the decedent's death or for a gift of tangible personal property

33.1 within three years of death, the state or country in which it was normally kept or located  
 33.2 when the gift was executed;

33.3 (iii) a qualified work of art, as defined in section 2503(g)(2) of the Internal Revenue  
 33.4 Code, owned by a nonresident decedent and that is normally kept or located in this state  
 33.5 because it is on loan to an organization, qualifying as exempt from taxation under section  
 33.6 501(c)(3) of the Internal Revenue Code, that is located in Minnesota, the situs of the art is  
 33.7 deemed to be outside of Minnesota, notwithstanding the provisions of item (ii); and

33.8 (iv) intangible personal property, the state or country in which the decedent was  
 33.9 domiciled at death or for a gift of intangible personal property within three years of death,  
 33.10 the state or country in which the decedent was domiciled when the gift was executed.

33.11 For a nonresident decedent with an ownership interest in a pass-through entity with  
 33.12 assets that include real or tangible personal property, situs of the real or tangible personal  
 33.13 property, including qualified works of art, is determined as if the pass-through entity does  
 33.14 not exist and the real or tangible personal property is personally owned by the decedent.  
 33.15 If the pass-through entity is owned by a person or persons in addition to the decedent,  
 33.16 ownership of the property is attributed to the decedent in proportion to the decedent's  
 33.17 capital ownership share of the pass-through entity.

33.18 (9) "Pass-through entity" includes the following:

33.19 (i) an entity electing S corporation status under section 1362 of the Internal Revenue  
 33.20 Code;

33.21 (ii) an entity taxed as a partnership under subchapter K of the Internal Revenue Code;

33.22 (iii) a single-member limited liability company or similar entity, regardless of  
 33.23 whether it is taxed as an association or is disregarded for federal income tax purposes  
 33.24 under Code of Federal Regulations, title 26, section 301.7701-3; or

33.25 (iv) a trust to the extent the property is includible in the decedent's federal gross  
 33.26 estate; but excludes

33.27 (v) an entity whose ownership interest securities are traded on an exchange regulated  
 33.28 by the Securities and Exchange Commission as a national securities exchange under  
 33.29 section 6 of the Securities Exchange Act, United States Code, title 15, section 78f.

33.30 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
 33.31 December 31, 2014.

33.32 Sec. 29. Minnesota Statutes 2014, section 291.03, is amended by adding a subdivision  
 33.33 to read:

33.34 **Subd. 12. Certain dispositions to government entities.** Notwithstanding any  
 33.35 provision of this section, no taxpayer shall be disqualified for the subtraction provided

34.1 under section 291.016, subdivision 3, nor shall any taxpayer be liable for the recapture tax  
34.2 provided in subdivision 11, solely because the state, any local government unit, or any  
34.3 other entity that has the power of eminent domain acquires title or possession of the land  
34.4 for a public purpose within the three-year holding period.

34.5 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
34.6 dying after June 30, 2011.

34.7 Sec. 30. **REPORT OF FREE ELECTRONIC FILING FOR INDIVIDUAL**  
34.8 **INCOME TAX RETURNS.**

34.9 (a) By March 16, 2016, the commissioner of revenue must provide a written  
34.10 report to the chairs and ranking minority members of the legislative committees with  
34.11 jurisdiction over taxes regarding free electronic filing options for individual income tax  
34.12 filing, including a vendor-based solution. The report must include responses from a  
34.13 commissioner's request for information to consumer-based tax filing software vendors.  
34.14 The request for information may include, but is not limited to, seeking information on  
34.15 the following aspects of a free electronic filing solution:

34.16 (1) costs, on a per return basis, that would be charged to the state of Minnesota to  
34.17 provide an electronic individual income tax return preparation, submission, and payment  
34.18 remittance process;

34.19 (2) vendor capability to provide customer service and issue resolution to taxpayers  
34.20 using the software;

34.21 (3) vendor capability to provide and maintain an appropriate link between the  
34.22 Department of Revenue and the Internal Revenue Service Modernized Electronic Filing  
34.23 Program;

34.24 (4) vendor security capabilities to ensure that taxpayer return information is  
34.25 maintained and protected as required by Minnesota Statutes, chapters 13 and 270B,  
34.26 Internal Revenue Service Publication 1075, and any other applicable requirements;

34.27 (5) products for the free filing and submitting of both Minnesota and federal returns  
34.28 offered to customers and the thresholds for using those products; and

34.29 (6) add-on products offered to customers and their costs.

34.30 (b) The report must address the possibility of implementing free electronic filing  
34.31 while maintaining annual preparation of the income tax sample required under Minnesota  
34.32 Statutes, section 270C.12, and must include a report on how other states with income tax  
34.33 samples manage federal data on federal income tax returns.

34.34 (c) The report required under paragraph (a) must comply with Minnesota Statutes,  
34.35 sections 3.195 and 3.197.

35.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

35.2 Sec. 31. **VETERANS JOBS GRANT.**

35.3 Subdivision 1. **Establishment.** The commissioner of revenue shall establish a  
35.4 program to award a grant to a qualified employer for hiring an unemployed veteran as  
35.5 a qualified employee. A qualified employer is eligible for a grant of \$2,500 for each  
35.6 qualified employee hired.

35.7 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have  
35.8 the meanings given.

35.9 (b) "Local government" means statutory or home rule charter cities, counties, and  
35.10 townships; special districts as defined under Minnesota Statutes, section 6.465; any  
35.11 instrumentality of a statutory or home rule charter city, county, or township as defined in  
35.12 Minnesota Statutes, section 471.59; and any joint powers board or organization created  
35.13 under Minnesota Statutes, section 471.59.

35.14 (c) "Nonprofit organization" means an organization that has a current federal  
35.15 determination letter stating that the nonprofit organization qualifies as an exempt  
35.16 organization under section 501(c)(3) of the Internal Revenue Code and is exempt from tax  
35.17 under section 501(a) of the Internal Revenue Code.

35.18 (d) "Qualified veteran employee" means any individual performing services within  
35.19 the state of Minnesota for an employer that is a local government or nonprofit organization;  
35.20 the performance of which services constitute, establish, and determine the relationship  
35.21 between the parties as that of employer and employee; and who meets the following criteria:

35.22 (1) the employee is a resident of Minnesota on the date of hire;

35.23 (2) the employee is paid wages as defined in Minnesota Statutes, section 290.92,  
35.24 subdivision 1;

35.25 (3) the employee's wages are attributable to Minnesota under Minnesota Statutes,  
35.26 section 290.191, subdivision 12;

35.27 (4) the employee is employed for a period of at least 6 of the 12 months immediately  
35.28 following the date of hire; and

35.29 (5) the employee is an unemployed veteran.

35.30 (e) "Qualified veteran employee" does not include any employee who, in the  
35.31 preceding 12 months before the employee's date of hire was, and in the calendar year in  
35.32 which the grant is paid, is:

35.33 (1) a member of the board of the nonprofit organization employer that hired the  
35.34 qualified employee; or

36.1 (2) an elected or appointed official of the local government that hired the qualified  
 36.2 employee.

36.3 (f) "Qualified employer" means a local government or nonprofit organization that  
 36.4 hires a qualified employee.

36.5 (g) "Unemployed veteran" is a veteran who was unemployed on the date of hire.

36.6 (h) "Veteran" has the meaning given in Minnesota Statutes, section 197.447.

36.7 (i) "Date of hire" means the day that the qualified veteran employee begins  
 36.8 performing services as an employee of the qualified employer.

36.9 Subd. 3. **Application.** The commissioner must develop forms and procedures for  
 36.10 soliciting and reviewing applications for grants under this section. At a minimum:

36.11 (1) a local government must include a resolution of its governing body affirming the  
 36.12 number of qualified employees hired in the year for which the grant is applied; and

36.13 (2) a nonprofit organization must include a resolution of its board affirming the  
 36.14 number of qualified employees hired in the year for which the grant is applied.

36.15 Subd. 4. **Aid payment and calculation.** The commissioner of revenue shall remit  
 36.16 grants to qualified employers. The amount of the grant equals \$2,500 multiplied by the  
 36.17 number of qualified veteran employees hired by the qualified employer. A qualified  
 36.18 employer must not claim a grant for hiring an unemployed veteran as a qualified veteran  
 36.19 employee if the unemployed veteran is currently employed or was previously employed by  
 36.20 the qualified employer. The commissioner of revenue shall pay the aid to the treasurer or  
 36.21 designated treasurer of each qualified employer by July 15 of the calendar year following  
 36.22 the year in which the qualified veteran employee was hired.

36.23 **EFFECTIVE DATE.** This section is effective January 1, 2016.

36.24 Sec. 32. **APPROPRIATION.**

36.25 \$175,000 in fiscal year 2016 is appropriated from the general fund to the  
 36.26 commissioner of revenue for administering the free electronic filing study provided in  
 36.27 this article.

36.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

36.29 Sec. 33. **APPROPRIATION.**

36.30 The following amounts are appropriated from the general fund to the commissioner  
 36.31 of revenue to make grants under the veteran jobs grant program provided in this article:

36.32 (1) \$7,600,000 in fiscal year 2016;

36.33 (2) \$7,200,000 in fiscal year 2017; and

37.1 (3) \$6,900,000 in each fiscal year thereafter.

37.2 **EFFECTIVE DATE.** This section is effective the day following final enactment.

37.3 **ARTICLE 2**

37.4 **PROPERTY TAX**

37.5 Section 1. **[103C.333] COUNTY LEVY AUTHORITY.**

37.6 Notwithstanding any other law to the contrary, a county levying a tax under section  
 37.7 103C.331 shall not include any taxes levied under those authorities in the levy certified  
 37.8 under section 275.07, subdivision 1, paragraph (a). A county levying under section  
 37.9 103C.331 shall separately certify that amount, and the auditor shall extend that levy as a  
 37.10 special taxing district levy under sections 275.066 and 275.07, subdivision 1, paragraph (b).

37.11 **EFFECTIVE DATE.** This section is effective for certifications made in 2015 and  
 37.12 thereafter.

37.13 Sec. 2. Minnesota Statutes 2014, section 126C.01, subdivision 3, is amended to read:

37.14 Subd. 3. **Referendum market value.** "Referendum market value" means the market  
 37.15 value of all taxable property, excluding property classified as class 2; or 4c(4); or 4e(12)  
 37.16 under section 273.13. The portion of class 2a property consisting of the house, garage, and  
 37.17 surrounding one acre of land of an agricultural homestead is included in referendum market  
 37.18 value. For the purposes of this subdivision, in the case of class 1a, 1b, or 2a property,  
 37.19 "market value" means the value prior to the exclusion under section 273.13, subdivision  
 37.20 35. In the case of class 4c(12) property, "market value" means the market value exceeding  
 37.21 \$300,000 for taxes payable in 2016 and thereafter. Any class of property, or any portion of  
 37.22 a class of property, that is included in the definition of referendum market value and that has  
 37.23 a classification rate of less than one percent under section 273.13 shall have a referendum  
 37.24 market value equal to its market value times its classification rate, multiplied by 100.

37.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2016 and  
 37.26 thereafter.

37.27 Sec. 3. Minnesota Statutes 2014, section 138.053, is amended to read:

37.28 **138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR**  
 37.29 **TOWNS.**

37.30 The governing body of any home rule charter or statutory city or town may annually  
 37.31 appropriate from its general fund an amount not to exceed 0.02418 percent of estimated

38.1 market value, derived from ad valorem taxes on property or other revenues, to be paid to  
38.2 the historical society of its respective city, town, or county to be used for the promotion of  
38.3 historical work and to aid in defraying the expenses of carrying on the historical work in the  
38.4 county. No city or town may appropriate any funds for the benefit of any historical society  
38.5 unless the society is affiliated with and approved by the Minnesota Historical Society.

38.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

38.7 Sec. 4. Minnesota Statutes 2014, section 273.13, subdivision 23, is amended to read:

38.8 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
38.9 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
38.10 the class 2a land under the same ownership. The market value of the house and garage  
38.11 and immediately surrounding one acre of land has the same classification rates as class  
38.12 1a or 1b property under subdivision 22. The value of the remaining land including  
38.13 improvements up to the first tier valuation limit of agricultural homestead property has a  
38.14 classification rate of 0.5 percent of market value. The remaining property over the first tier  
38.15 has a classification rate of one percent of market value. For purposes of this subdivision,  
38.16 the "first tier valuation limit of agricultural homestead property" and "first tier" means  
38.17 the limit certified under section 273.11, subdivision 23.

38.18 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
38.19 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
38.20 of market value, unless it is part of an agricultural homestead under paragraph (a). Class  
38.21 2a property must also include any property that would otherwise be classified as 2b, but is  
38.22 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
38.23 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
38.24 and other similar land that is impractical for the assessor to value separately from the rest of  
38.25 the property or that is unlikely to be able to be sold separately from the rest of the property.

38.26 An assessor may classify the part of a parcel described in this subdivision that is used  
38.27 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

38.28 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,  
38.29 that are unplatted real estate, rural in character and not used for agricultural purposes,  
38.30 including land used for growing trees for timber, lumber, and wood and wood products,  
38.31 that is not improved with a structure. The presence of a minor, ancillary nonresidential  
38.32 structure as defined by the commissioner of revenue does not disqualify the property from  
38.33 classification under this paragraph. Any parcel of 20 acres or more improved with a  
38.34 structure that is not a minor, ancillary nonresidential structure must be split-classified, and  
38.35 ten acres must be assigned to the split parcel containing the structure. Class 2b property

39.1 has a classification rate of one percent of market value unless it is part of an agricultural  
39.2 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

39.3 (d) Class 2c managed forest land consists of no less than 20 and no more than  
39.4 1,920 acres statewide per taxpayer that is being managed under a forest management  
39.5 plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable  
39.6 forest resource management incentive program. It has a classification rate of .65 percent,  
39.7 provided that the owner of the property must apply to the assessor in order for the  
39.8 property to initially qualify for the reduced rate and provide the information required  
39.9 by the assessor to verify that the property qualifies for the reduced rate. If the assessor  
39.10 receives the application and information before May 1 in an assessment year, the property  
39.11 qualifies beginning with that assessment year. If the assessor receives the application  
39.12 and information after April 30 in an assessment year, the property may not qualify until  
39.13 the next assessment year. The commissioner of natural resources must concur that the  
39.14 land is qualified. The commissioner of natural resources shall annually provide county  
39.15 assessors verification information on a timely basis. The presence of a minor, ancillary  
39.16 nonresidential structure as defined by the commissioner of revenue does not disqualify the  
39.17 property from classification under this paragraph.

39.18 (e) Agricultural land as used in this section means:

39.19 (1) contiguous acreage of ten acres or more, used during the preceding year for  
39.20 agricultural purposes; or

39.21 (2) contiguous acreage used during the preceding year for an intensive livestock or  
39.22 poultry confinement operation, provided that land used only for pasturing or grazing  
39.23 does not qualify under this clause.

39.24 "Agricultural purposes" as used in this section means the raising, cultivation, drying,  
39.25 or storage of agricultural products for sale, or the storage of machinery or equipment used  
39.26 in support of agricultural production by the same farm entity. For a property to be classified  
39.27 as agricultural based only on the drying or storage of agricultural products, the products  
39.28 being dried or stored must have been produced by the same farm entity as the entity  
39.29 operating the drying or storage facility. "Agricultural purposes" also includes enrollment  
39.30 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 ~~or the federal~~  
39.31 ~~Conservation Reserve Program as contained in Public Law 99-198~~ or a similar state or  
39.32 federal conservation program, excluding the federal Conservation Reserve Program, if  
39.33 the property was classified as agricultural (i) under this subdivision for taxes payable in  
39.34 2003 because of its enrollment in a qualifying program and the land remains enrolled or  
39.35 (ii) in the year prior to its enrollment. Enrollment in the federal Conservation Reserve  
39.36 Program, as contained in Public Law 98-198, shall be considered an agricultural purpose

40.1 under this section. Agricultural classification shall not be based upon the market value of  
40.2 any residential structures on the parcel or contiguous parcels under the same ownership.

40.3 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
40.4 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
40.5 of, a set of contiguous tax parcels under that section that are owned by the same person.

40.6 (f) Agricultural land under this section also includes:

40.7 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
40.8 preceding year for raising or cultivating agricultural products; or

40.9 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if  
40.10 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land  
40.11 was used in the preceding year for one or more of the following three uses:

40.12 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
40.13 equipment storage activities used to support agricultural activities on other parcels of  
40.14 property operated by the same farming entity;

40.15 (ii) as a nursery, provided that only those acres used intensively to produce nursery  
40.16 stock are considered agricultural land; or

40.17 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
40.18 means the cultivation of one or more fruits or vegetables or production of animal or other  
40.19 agricultural products for sale to local markets by the farmer or an organization with which  
40.20 the farmer is affiliated.

40.21 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
40.22 described in section 272.193, or all of a set of contiguous tax parcels under that section  
40.23 that are owned by the same person.

40.24 (g) Land shall be classified as agricultural even if all or a portion of the agricultural  
40.25 use of that property is the leasing to, or use by another person for agricultural purposes.

40.26 Classification under this subdivision is not determinative for qualifying under  
40.27 section 273.111.

40.28 (h) The property classification under this section supersedes, for property tax  
40.29 purposes only, any locally administered agricultural policies or land use restrictions that  
40.30 define minimum or maximum farm acreage.

40.31 (i) The term "agricultural products" as used in this subdivision includes production  
40.32 for sale of:

40.33 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
40.34 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,  
40.35 bees, and apiary products by the owner;

41.1 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned  
41.2 for agricultural use;

41.3 (3) the commercial boarding of horses, which may include related horse training and  
41.4 riding instruction, if the boarding is done on property that is also used for raising pasture  
41.5 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

41.6 (4) property which is owned and operated by nonprofit organizations used for  
41.7 equestrian activities, excluding racing;

41.8 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under  
41.9 section 97A.105, provided that the annual licensing report to the Department of Natural  
41.10 Resources, which must be submitted annually by March 30 to the assessor, indicates  
41.11 that at least 500 birds were raised or used for breeding stock on the property during the  
41.12 preceding year and that the owner provides a copy of the owner's most recent schedule F;  
41.13 or (ii) for use on a shooting preserve licensed under section 97A.115;

41.14 (6) insects primarily bred to be used as food for animals;

41.15 (7) trees, grown for sale as a crop, including short rotation woody crops, and not  
41.16 sold for timber, lumber, wood, or wood products; and

41.17 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
41.18 Department of Agriculture under chapter 28A as a food processor.

41.19 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
41.20 purposes, including but not limited to:

41.21 (1) wholesale and retail sales;

41.22 (2) processing of raw agricultural products or other goods;

41.23 (3) warehousing or storage of processed goods; and

41.24 (4) office facilities for the support of the activities enumerated in clauses (1), (2),  
41.25 and (3),

41.26 the assessor shall classify the part of the parcel used for agricultural purposes as class  
41.27 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
41.28 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
41.29 considered an agricultural purpose. A greenhouse or other building where horticultural  
41.30 or nursery products are grown that is also used for the conduct of retail sales must be  
41.31 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
41.32 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
41.33 those products. Use of a greenhouse or building only for the display of already grown  
41.34 horticultural or nursery products does not qualify as an agricultural purpose.

41.35 (k) The assessor shall determine and list separately on the records the market value  
41.36 of the homestead dwelling and the one acre of land on which that dwelling is located. If

42.1 any farm buildings or structures are located on this homesteaded acre of land, their market  
42.2 value shall not be included in this separate determination.

42.3 (l) Class 2d airport landing area consists of a landing area or public access area of a  
42.4 privately owned public use airport. It has a classification rate of one percent of market  
42.5 value. To qualify for classification under this paragraph, a privately owned public use  
42.6 airport must be licensed as a public airport under section 360.018. For purposes of  
42.7 this paragraph, "landing area" means that part of a privately owned public use airport  
42.8 properly cleared, regularly maintained, and made available to the public for use by aircraft  
42.9 and includes runways, taxiways, aprons, and sites upon which are situated landing or  
42.10 navigational aids. A landing area also includes land underlying both the primary surface  
42.11 and the approach surfaces that comply with all of the following:

42.12 (i) the land is properly cleared and regularly maintained for the primary purposes of  
42.13 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains  
42.14 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

42.15 (ii) the land is part of the airport property; and

42.16 (iii) the land is not used for commercial or residential purposes.

42.17 The land contained in a landing area under this paragraph must be described and certified  
42.18 by the commissioner of transportation. The certification is effective until it is modified,  
42.19 or until the airport or landing area no longer meets the requirements of this paragraph.  
42.20 For purposes of this paragraph, "public access area" means property used as an aircraft  
42.21 parking ramp, apron, or storage hangar, or an arrival and departure building in connection  
42.22 with the airport.

42.23 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
42.24 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
42.25 located in a county that has elected to opt-out of the aggregate preservation program as  
42.26 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
42.27 market value. To qualify for classification under this paragraph, the property must be at  
42.28 least ten contiguous acres in size and the owner of the property must record with the  
42.29 county recorder of the county in which the property is located an affidavit containing:

42.30 (1) a legal description of the property;

42.31 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
42.32 actively being mined but is present on the entire parcel enrolled;

42.33 (3) documentation that the conditional use under the county or local zoning  
42.34 ordinance of this property is for mining; and

42.35 (4) documentation that a permit has been issued by the local unit of government  
42.36 or the mining activity is allowed under local ordinance. The disclosure must include a

43.1 statement from a registered professional geologist, engineer, or soil scientist delineating  
43.2 the deposit and certifying that it is a commercial aggregate deposit.

43.3 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
43.4 means a deposit that will yield crushed stone or sand and gravel that is suitable for use  
43.5 as a construction aggregate; and "actively mined" means the removal of top soil and  
43.6 overburden in preparation for excavation or excavation of a commercial deposit.

43.7 (n) When any portion of the property under this subdivision or subdivision 22 begins  
43.8 to be actively mined, the owner must file a supplemental affidavit within 60 days from  
43.9 the day any aggregate is removed stating the number of acres of the property that is  
43.10 actively being mined. The acres actively being mined must be (1) valued and classified  
43.11 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
43.12 aggregate resource preservation property tax program under section 273.1115, if the  
43.13 land was enrolled in that program. Copies of the original affidavit and all supplemental  
43.14 affidavits must be filed with the county assessor, the local zoning administrator, and the  
43.15 Department of Natural Resources, Division of Land and Minerals. A supplemental  
43.16 affidavit must be filed each time a subsequent portion of the property is actively mined,  
43.17 provided that the minimum acreage change is five acres, even if the actual mining activity  
43.18 constitutes less than five acres.

43.19 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are  
43.20 not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions  
43.21 in section 14.386 concerning exempt rules do not apply.

43.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.

43.23 Sec. 5. Minnesota Statutes 2014, section 273.13, subdivision 24, is amended to read:

43.24 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal  
43.25 property is class 3a.

43.26 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility  
43.27 real property has a classification rate of ~~1.5~~ 1.55 percent of the first tier of market value,  
43.28 and ~~2.0~~ 2.1 percent of the remaining market value. In the case of contiguous parcels of  
43.29 property owned by the same person or entity, only the value equal to the first-tier value of  
43.30 the contiguous parcels qualifies for the reduced classification rate, except that contiguous  
43.31 parcels owned by the same person or entity shall be eligible for the first-tier value  
43.32 classification rate on each separate business operated by the owner of the property, provided  
43.33 the business is housed in a separate structure. For the purposes of this subdivision, the first  
43.34 tier means the first \$150,000 of market value. Real property owned in fee by a utility for  
43.35 transmission line right-of-way shall be classified at the classification rate for the higher tier.

44.1 For purposes of this subdivision, parcels are considered to be contiguous even if  
 44.2 they are separated from each other by a road, street, waterway, or other similar intervening  
 44.3 type of property. Connections between parcels that consist of power lines or pipelines do  
 44.4 not cause the parcels to be contiguous. Property owners who have contiguous parcels of  
 44.5 property that constitute separate businesses that may qualify for the first-tier classification  
 44.6 rate shall notify the assessor by July 1, for treatment beginning in the following taxes  
 44.7 payable year.

44.8 (2) All personal property that is: (i) part of an electric generation, transmission, or  
 44.9 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,  
 44.10 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad  
 44.11 operating property has a classification rate as provided under clause (1) for the first tier  
 44.12 of market value and the remaining market value. In the case of multiple parcels in one  
 44.13 county that are owned by one person or entity, only one first tier amount is eligible for the  
 44.14 reduced rate.

44.15 (3) The entire market value of personal property that is: (i) tools, implements, and  
 44.16 machinery of an electric generation, transmission, or distribution system; (ii) tools,  
 44.17 implements, and machinery of a pipeline system transporting or distributing water, gas,  
 44.18 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of  
 44.19 steam or hot or chilled water for heating or cooling buildings, has a classification rate as  
 44.20 provided under clause (1) for the remaining market value in excess of the first tier.

44.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2016 and  
 44.22 thereafter.

44.23 Sec. 6. Minnesota Statutes 2014, section 273.1392, is amended to read:

44.24 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

44.25 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
 44.26 conservation tax credits under section 273.119; disaster or emergency reimbursement  
 44.27 under sections 273.1231 to 273.1235; homestead and agricultural credits under ~~section~~  
 44.28 sections 273.1384 and 273.88; aids and credits under section 273.1398; enterprise zone  
 44.29 property credit payments under section 469.171; and metropolitan agricultural preserve  
 44.30 reduction under section 473H.10 for school districts, shall be certified to the Department  
 44.31 of Education by the Department of Revenue. The amounts so certified shall be paid  
 44.32 according to section 127A.45, subdivisions 9 and 13.

44.33 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016  
 44.34 and thereafter.

45.1 Sec. 7. Minnesota Statutes 2014, section 273.1393, is amended to read:

45.2 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

45.3 Notwithstanding any other provisions to the contrary, "net" property taxes are  
45.4 determined by subtracting the credits in the order listed from the gross tax:

- 45.5 (1) disaster credit as provided in sections 273.1231 to 273.1235;  
45.6 (2) powerline credit as provided in section 273.42;  
45.7 (3) agricultural preserves credit as provided in section 473H.10;  
45.8 (4) enterprise zone credit as provided in section 469.171;  
45.9 (5) disparity reduction credit;  
45.10 (6) conservation tax credit as provided in section 273.119;  
45.11 (7) agricultural credit as provided in section 273.1384;  
45.12 (8) taconite homestead credit as provided in section 273.135;  
45.13 (9) supplemental homestead credit as provided in section 273.1391; ~~and~~  
45.14 (10) ~~the bovine tuberculosis zone credit, as provided in section 273.113; and~~  
45.15 (11) the targeted agricultural land credit, as provided in section 273.88.

45.16 The combination of all property tax credits must not exceed the gross tax amount.

45.17 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016  
45.18 and thereafter.

45.19 Sec. 8. **[273.88] TARGETED AGRICULTURAL LAND TAX CREDIT.**

45.20 Subdivision 1. Eligibility; amount of credit. (a) Property classified in whole or  
45.21 in part as class 2a agricultural property under section 273.13, subdivision 23, paragraph  
45.22 (b), in both the prior year and the current year, is eligible for a property tax credit if the  
45.23 gross property taxes payable on that portion of the property classified as agricultural  
45.24 increase by more than eight percent over the property taxes payable in the prior year on the  
45.25 same property and the amount of that increase is \$200 or more. The amount of the credit  
45.26 shall equal the amount of the increase over the greater of eight percent of the prior year's  
45.27 property taxes payable or \$200. The maximum credit allowed under this section is \$2,000.

45.28 (b) For purposes of this subdivision, "gross property taxes payable" means property  
45.29 taxes payable excluding special assessments, penalties and interest, and assessed fees upon  
45.30 the property determined without regard to the credit allowed under this section.

45.31 (c) Agricultural property shall not be eligible for the credit under this section if: (1)  
45.32 the property's boundaries have changed in the current payable year; (2) an improvement  
45.33 was constructed upon the property; (3) valuation increases occurred relating to an  
45.34 incremental value increase due to a plat law provision or based upon the termination of an

46.1 exclusion under section 273.11, subdivision 14a, 14b, or 14c; or (4) in the prior payable  
46.2 year, the property was enrolled under section 273.111, 273.113, or 273.114, or chapter  
46.3 473H or 40A, and that enrollment was removed for the current payable year.

46.4 (d) If the amount of the credit exceeds the total of the net tax capacity-based gross  
46.5 property taxes on that portion of the property eligible for a credit under subdivision (a),  
46.6 the credit shall be limited to the net tax capacity-based gross property taxes payable on  
46.7 that part of the property classified under section 273.13, subdivision 23, paragraph (b).

46.8 Subd. 2. **Credit reimbursement.** The county auditor shall determine the tax  
46.9 reductions allowed under subdivision 1 within the county for each taxes payable year and  
46.10 certify that amount to the commissioner of revenue as part of the abstracts of tax listings  
46.11 submitted by the county auditors under section 275.29. Any prior year adjustments  
46.12 shall also be certified on the abstracts of tax lists. The commissioner shall review the  
46.13 certifications for accuracy and make changes as necessary, or return the certification to the  
46.14 county auditor for correction. The credit under this section must be used to proportionately  
46.15 reduce the net tax capacity-based property tax payable to each local taxing jurisdiction  
46.16 as provided in section 273.1393.

46.17 Subd. 3. **Payment.** (a) The commissioner of revenue shall reimburse each local  
46.18 taxing jurisdiction, other than school districts, for the tax reductions granted under  
46.19 subdivision 1 in two equal installments on October 31 and December 26 of the taxes  
46.20 payable year for which the reductions are granted, including in each payment the prior  
46.21 year adjustments certified on the abstracts for that taxes payable year. The reimbursements  
46.22 related to tax increments shall be issued in one installment each year on December 26.

46.23 (b) The commissioner of revenue shall certify the total of the tax reductions  
46.24 granted under subdivision 1 for each taxes payable year within each school district  
46.25 to the commissioner of education, and the commissioner of education shall pay the  
46.26 reimbursement amounts to each school district as provided in section 273.1392.

46.27 Subd. 4. **Appropriation.** An amount sufficient to make the payments required by  
46.28 this section to taxing jurisdictions other than school districts is annually appropriated  
46.29 from the general fund to the commissioner of revenue. An amount sufficient to make the  
46.30 payments required under this section for school districts is annually appropriated from the  
46.31 general fund to the commissioner of education.

46.32 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016  
46.33 and thereafter.

46.34 Sec. 9. Minnesota Statutes 2014, section 275.025, subdivision 1, is amended to read:

47.1 Subdivision 1. **Levy amount.** The state general levy is levied against  
 47.2 commercial-industrial property and seasonal residential recreational property, as defined  
 47.3 in this section. The state general levy base amount for commercial-industrial property is  
 47.4 ~~\$592,000,000~~ \$767,092,100 for taxes payable in ~~2002~~ 2016. The state general levy base  
 47.5 amount for seasonal residential recreational property is \$34,057,500 for taxes payable in  
 47.6 2016. For taxes payable in subsequent years, ~~the~~ each levy base amount is increased each  
 47.7 year by multiplying the levy base amount for the prior year by the sum of one plus the rate  
 47.8 of increase, if any, in the implicit price deflator for government consumption expenditures  
 47.9 and gross investment for state and local governments prepared by the Bureau of Economic  
 47.10 Analysts of the United States Department of Commerce for the 12-month period ending  
 47.11 March 31 of the year prior to the year the taxes are payable. The tax under this section is  
 47.12 not treated as a local tax rate under section 469.177 and is not the levy of a governmental  
 47.13 unit under chapters 276A and 473F.

47.14 The commissioner shall increase or decrease the preliminary or final rate for a year  
 47.15 as necessary to account for errors and tax base changes that affected a preliminary or final  
 47.16 rate for either of the two preceding years. Adjustments are allowed to the extent that the  
 47.17 necessary information is available to the commissioner at the time the rates for a year must  
 47.18 be certified, and for the following reasons:

- 47.19 (1) an erroneous report of taxable value by a local official;  
 47.20 (2) an erroneous calculation by the commissioner; and  
 47.21 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 47.22 residential recreational property reported on the abstracts of tax lists submitted under  
 47.23 section 275.29 that was not reported on the abstracts of assessment submitted under  
 47.24 section 270C.89 for the same year.

47.25 The commissioner may, but need not, make adjustments if the total difference in the tax  
 47.26 levied for the year would be less than \$100,000.

47.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2016 and  
 47.28 thereafter.

47.29 Sec. 10. Minnesota Statutes 2014, section 275.025, subdivision 3, is amended to read:

47.30 Subd. 3. **Seasonal residential recreational tax capacity.** For the purposes of this  
 47.31 section, "seasonal residential recreational tax capacity" means the tax capacity of tier III of  
 47.32 class 1c under section 273.13, subdivision 22, and all class 4c(1), 4c(3)(ii), and 4c(12)  
 47.33 property under section 273.13, subdivision 25, except that for each noncommercial class  
 47.34 4c(12) property: (i) the first \$76,000 of market value of each noncommercial class 4c(12)

48.1 ~~property~~ has a tax capacity for this purpose equal to 40 percent of its tax capacity under  
48.2 section 273.13; and (ii) the market value exceeding \$300,000 shall be excluded for taxes  
48.3 payable in 2016 and thereafter.

48.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2016 and  
48.5 thereafter.

48.6 Sec. 11. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

48.7 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the  
48.8 contrary, on or before September 30, each county ~~and each~~ home rule charter or statutory  
48.9 city, and special taxing district, excluding the metropolitan council and the metropolitan  
48.10 mosquito control commission, shall certify to the county auditor the proposed property  
48.11 tax levy for taxes payable in the following year. The proposed levy certification date for  
48.12 the metropolitan council shall be as prescribed in sections 473.249 and 473.446. The  
48.13 proposed levy certification date for the metropolitan mosquito control district shall be  
48.14 as prescribed in section 473.711.

48.15 (b) Notwithstanding any law or charter to the contrary, on or before September 15,  
48.16 each town ~~and each special taxing district~~ shall adopt and certify to the county auditor a  
48.17 proposed property tax levy for taxes payable in the following year. For towns, the final  
48.18 certified levy shall also be considered the proposed levy.

48.19 (c) On or before September 30, each school district that has not mutually agreed  
48.20 with its home county to extend this date shall certify to the county auditor the proposed  
48.21 property tax levy for taxes payable in the following year. Each school district that has  
48.22 agreed with its home county to delay the certification of its proposed property tax levy  
48.23 must certify its proposed property tax levy for the following year no later than October  
48.24 7. The school district shall certify the proposed levy as:

48.25 (1) a specific dollar amount by school district fund, broken down between  
48.26 voter-approved and non-voter-approved levies and between referendum market value  
48.27 and tax capacity levies; or

48.28 (2) the maximum levy limitation certified by the commissioner of education  
48.29 according to section 126C.48, subdivision 1.

48.30 (d) If the board of estimate and taxation or any similar board that establishes  
48.31 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum  
48.32 property tax levies for funds under its jurisdiction by charter to the county auditor by the  
48.33 date specified in paragraph (a), the city shall be deemed to have certified its levies for  
48.34 those taxing jurisdictions.

49.1 (e) For purposes of this section, "special taxing district" means a special taxing  
 49.2 district as defined in section 275.066. Intermediate school districts that levy a tax  
 49.3 under chapter 124 or 136D, joint powers boards established under sections 123A.44 to  
 49.4 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are  
 49.5 also special taxing districts for purposes of this section.

49.6 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
 49.7 tax levy under this subdivision, the taxing authority shall announce the time and place  
 49.8 of its subsequent regularly scheduled meetings at which the budget and levy will be  
 49.9 discussed and at which the public will be allowed to speak. The time and place of those  
 49.10 meetings must be included in the proceedings or summary of proceedings published in the  
 49.11 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

49.12 **EFFECTIVE DATE.** This section is effective beginning with proposed levy  
 49.13 certifications for taxes payable in 2016.

49.14 Sec. 12. Minnesota Statutes 2014, section 275.065, subdivision 3, is amended to read:

49.15 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare  
 49.16 and the county treasurer shall deliver after November 10 and on or before November 24  
 49.17 each year, by first class mail to each taxpayer at the address listed on the county's current  
 49.18 year's assessment roll, a notice of proposed property taxes. Upon written request by  
 49.19 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail  
 49.20 instead of on paper or by ordinary mail.

49.21 (b) The commissioner of revenue shall prescribe the form of the notice.

49.22 (c) The notice must inform taxpayers that it contains the amount of property taxes  
 49.23 each taxing authority proposes to collect for taxes payable the following year. In the case of  
 49.24 a town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
 49.25 The notice must clearly state for each city that has a population over 500, county, school  
 49.26 district, regional library authority established under section 134.201, and metropolitan  
 49.27 taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing  
 49.28 authority in which the budget and levy will be discussed and public input allowed, prior to  
 49.29 the final budget and levy determination. The taxing authorities must provide the county  
 49.30 auditor with the information to be included in the notice on or before the time it certifies  
 49.31 its proposed levy under subdivision 1. The public must be allowed to speak at that  
 49.32 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It  
 49.33 must provide a telephone number for the taxing authority that taxpayers may call if they  
 49.34 have questions related to the notice and an address where comments will be received by  
 49.35 mail, except that no notice required under this section shall be interpreted as requiring the

50.1 printing of a personal telephone number or address as the contact information for a taxing  
50.2 authority. If a taxing authority does not maintain public offices where telephone calls can  
50.3 be received by the authority, the authority may inform the county of the lack of a public  
50.4 telephone number and the county shall not list a telephone number for that taxing authority.

50.5 (d) The notice must state for each parcel:

50.6 (1) the market value of the property as determined under section 273.11, and used  
50.7 for computing property taxes payable in the following year and for taxes payable in the  
50.8 current year as each appears in the records of the county assessor on November 1 of the  
50.9 current year; and, in the case of residential property, whether the property is classified as  
50.10 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to  
50.11 which the market values apply and that the values are final values;

50.12 (2) the items listed below, shown separately by county, city or town, and state  
50.13 general tax, agricultural homestead credit under section 273.1384, targeted agricultural  
50.14 land credit under section 273.88, voter approved school levy, other local school levy, and  
50.15 the sum of the special taxing districts, and as a total of all taxing authorities:

50.16 (i) the actual tax for taxes payable in the current year; and

50.17 (ii) the proposed tax amount.

50.18 If the county levy under clause (2) includes an amount for a lake improvement  
50.19 district as defined under sections 103B.501 to 103B.581, the amount attributable for that  
50.20 purpose must be separately stated from the remaining county levy amount.

50.21 In the case of a town or the state general tax, the final tax shall also be its proposed  
50.22 tax unless the town changes its levy at a special town meeting under section 365.52. If a  
50.23 school district has certified under section 126C.17, subdivision 9, that a referendum will  
50.24 be held in the school district at the November general election, the county auditor must  
50.25 note next to the school district's proposed amount that a referendum is pending and that, if  
50.26 approved by the voters, the tax amount may be higher than shown on the notice. In the  
50.27 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be  
50.28 listed separately from the remaining amount of the city's levy. In the case of the city of  
50.29 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the  
50.30 remaining amount of the city's levy. In the case of Ramsey County, any amount levied  
50.31 under section 134.07 may be listed separately from the remaining amount of the county's  
50.32 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax  
50.33 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the  
50.34 proposed tax levy on the tax capacity subject to the areawide tax must each be stated  
50.35 separately and not included in the sum of the special taxing districts; and

51.1 (3) the increase or decrease between the total taxes payable in the current year and  
51.2 the total proposed taxes, expressed as a percentage.

51.3 For purposes of this section, the amount of the tax on homesteads qualifying under  
51.4 the senior citizens' property tax deferral program under chapter 290B is the total amount  
51.5 of property tax before subtraction of the deferred property tax amount.

51.6 (e) The notice must clearly state that the proposed or final taxes do not include  
51.7 the following:

51.8 (1) special assessments;

51.9 (2) levies approved by the voters after the date the proposed taxes are certified,  
51.10 including bond referenda and school district levy referenda;

51.11 (3) a levy limit increase approved by the voters by the first Tuesday after the first  
51.12 Monday in November of the levy year as provided under section 275.73;

51.13 (4) amounts necessary to pay cleanup or other costs due to a natural disaster  
51.14 occurring after the date the proposed taxes are certified;

51.15 (5) amounts necessary to pay tort judgments against the taxing authority that become  
51.16 final after the date the proposed taxes are certified; and

51.17 (6) the contamination tax imposed on properties which received market value  
51.18 reductions for contamination.

51.19 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or  
51.20 the county treasurer to deliver the notice as required in this section does not invalidate the  
51.21 proposed or final tax levy or the taxes payable pursuant to the tax levy.

51.22 (g) If the notice the taxpayer receives under this section lists the property as  
51.23 nonhomestead, and satisfactory documentation is provided to the county assessor by the  
51.24 applicable deadline, and the property qualifies for the homestead classification in that  
51.25 assessment year, the assessor shall reclassify the property to homestead for taxes payable  
51.26 in the following year.

51.27 (h) In the case of class 4 residential property used as a residence for lease or rental  
51.28 periods of 30 days or more, the taxpayer must either:

51.29 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,  
51.30 renter, or lessee; or

51.31 (2) post a copy of the notice in a conspicuous place on the premises of the property.

51.32 The notice must be mailed or posted by the taxpayer by November 27 or within  
51.33 three days of receipt of the notice, whichever is later. A taxpayer may notify the county  
51.34 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to  
51.35 which the notice must be mailed in order to fulfill the requirements of this paragraph.

52.1 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing  
 52.2 districts" means the following taxing districts in the seven-county metropolitan area that  
 52.3 levy a property tax for any of the specified purposes listed below:

52.4 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,  
 52.5 473.446, 473.521, 473.547, or 473.834;

52.6 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;  
 52.7 and

52.8 (3) Metropolitan Mosquito Control Commission under section 473.711.

52.9 For purposes of this section, any levies made by the regional rail authorities in the  
 52.10 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
 52.11 398A shall be included with the appropriate county's levy.

52.12 (j) The governing body of a county, city, or school district may, with the consent  
 52.13 of the county board, include supplemental information with the statement of proposed  
 52.14 property taxes about the impact of state aid increases or decreases on property tax  
 52.15 increases or decreases and on the level of services provided in the affected jurisdiction.  
 52.16 This supplemental information may include information for the following year, the current  
 52.17 year, and for as many consecutive preceding years as deemed appropriate by the governing  
 52.18 body of the county, city, or school district. It may include only information regarding:

52.19 (1) the impact of inflation as measured by the implicit price deflator for state and  
 52.20 local government purchases;

52.21 (2) population growth and decline;

52.22 (3) state or federal government action; and

52.23 (4) other financial factors that affect the level of property taxation and local services  
 52.24 that the governing body of the county, city, or school district may deem appropriate to  
 52.25 include.

52.26 The information may be presented using tables, written narrative, and graphic  
 52.27 representations and may contain instruction toward further sources of information or  
 52.28 opportunity for comment.

52.29 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016  
 52.30 and thereafter.

52.31 Sec. 13. Minnesota Statutes 2014, section 275.066, is amended to read:

52.32 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

52.33 For the purposes of property taxation and property tax state aids, the term "special  
 52.34 taxing districts" includes the following entities:

- 53.1 (1) watershed districts under chapter 103D;
- 53.2 (2) sanitary districts under sections 442A.01 to 442A.29;
- 53.3 (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- 53.4 (4) regional public library districts under section 134.201;
- 53.5 (5) park districts under chapter 398;
- 53.6 (6) regional railroad authorities under chapter 398A;
- 53.7 (7) hospital districts under sections 447.31 to 447.38;
- 53.8 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 53.9 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 53.10 (10) regional development commissions under sections 462.381 to 462.398;
- 53.11 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 53.12 (12) port authorities under sections 469.048 to 469.068;
- 53.13 (13) economic development authorities under sections 469.090 to 469.1081;
- 53.14 (14) Metropolitan Council under sections 473.123 to 473.549;
- 53.15 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 53.16 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 53.17 (17) Morrison County Rural Development Financing Authority under Laws 1982,
- 53.18 chapter 437, section 1;
- 53.19 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 53.20 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211,
- 53.21 sections 1 to 6;
- 53.22 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article
- 53.23 5, section 39;
- 53.24 (21) Middle Mississippi River Watershed Management Organization under sections
- 53.25 103B.211 and 103B.241;
- 53.26 (22) emergency medical services special taxing districts under section 144F.01;
- 53.27 (23) a county levying under the authority of section 103B.241, 103B.245, ~~or~~
- 53.28 103B.251, or 103C.331;
- 53.29 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
- 53.30 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 53.31 (25) an airport authority created under section 360.0426; and
- 53.32 (26) any other political subdivision of the state of Minnesota, excluding counties,
- 53.33 school districts, cities, and towns, that has the power to adopt and certify a property tax
- 53.34 levy to the county auditor, as determined by the commissioner of revenue.

53.35 **EFFECTIVE DATE.** This section is effective for assessment year 2016.

54.1 Sec. 14. Minnesota Statutes 2014, section 275.07, subdivision 1, is amended to read:

54.2 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b),  
 54.3 the taxes voted by cities, counties, school districts, and special districts shall be certified  
 54.4 by the proper authorities to the county auditor on or before five working days after  
 54.5 December 20 in each year. A town must certify the levy adopted by the town board to  
 54.6 the county auditor by September 15 each year. If the town board modifies the levy at a  
 54.7 special town meeting after September 15, the town board must recertify its levy to the  
 54.8 county auditor on or before five working days after December 20. If a city, town, county,  
 54.9 school district, or special district fails to certify its levy by that date, its levy shall be the  
 54.10 amount levied by it for the preceding year.

54.11 (b)(i) The taxes voted by counties under sections 103B.241, 103B.245, ~~and~~  
 54.12 103B.251, and 103C.331 shall be separately certified by the county to the county auditor  
 54.13 on or before five working days after December 20 in each year. The taxes certified  
 54.14 shall not be reduced by the county auditor by the aid received under section 273.1398,  
 54.15 subdivision 3. If a county fails to certify its levy by that date, its levy shall be the amount  
 54.16 levied by it for the preceding year.

54.17 (ii) For purposes of the proposed property tax notice under section 275.065 and  
 54.18 the property tax statement under section 276.04, for the first year in which the county  
 54.19 implements the provisions of this paragraph, the county auditor shall reduce the county's  
 54.20 levy for the preceding year to reflect any amount levied for water management purposes  
 54.21 under clause (i) included in the county's levy.

54.22 **EFFECTIVE DATE.** This section is effective for assessment year 2016.

54.23 Sec. 15. Minnesota Statutes 2014, section 276.04, subdivision 2, is amended to read:

54.24 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing  
 54.25 of the tax statements. The commissioner of revenue shall prescribe the form of the property  
 54.26 tax statement and its contents. The tax statement must not state or imply that property tax  
 54.27 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
 54.28 of the dollar amount due to each taxing authority and the amount of the state tax from the  
 54.29 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
 54.30 attributable to the county, the state tax, the voter approved school tax, the other local school  
 54.31 tax, the township or municipality, and the total of the metropolitan special taxing districts  
 54.32 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated.  
 54.33 The amounts due all other special taxing districts, if any, may be aggregated except that  
 54.34 any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota,  
 54.35 Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate

55.1 line directly under the appropriate county's levy. If the county levy under this paragraph  
 55.2 includes an amount for a lake improvement district as defined under sections 103B.501  
 55.3 to 103B.581, the amount attributable for that purpose must be separately stated from the  
 55.4 remaining county levy amount. In the case of Ramsey County, if the county levy under this  
 55.5 paragraph includes an amount for public library service under section 134.07, the amount  
 55.6 attributable for that purpose may be separated from the remaining county levy amount.  
 55.7 The amount of the tax on homesteads qualifying under the senior citizens' property tax  
 55.8 deferral program under chapter 290B is the total amount of property tax before subtraction  
 55.9 of the deferred property tax amount. The amount of the tax on contamination value  
 55.10 imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar  
 55.11 amounts, including the dollar amount of any special assessments, may be rounded to the  
 55.12 nearest even whole dollar. For purposes of this section whole odd-numbered dollars may  
 55.13 be adjusted to the next higher even-numbered dollar. The amount of market value excluded  
 55.14 under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

55.15 (b) The property tax statements for manufactured homes and sectional structures  
 55.16 taxed as personal property shall contain the same information that is required on the  
 55.17 tax statements for real property.

55.18 (c) Real and personal property tax statements must contain the following information  
 55.19 in the order given in this paragraph. The information must contain the current year tax  
 55.20 information in the right column with the corresponding information for the previous year  
 55.21 in a column on the left:

55.22 (1) the property's estimated market value under section 273.11, subdivision 1;

55.23 (2) the property's homestead market value exclusion under section 273.13,  
 55.24 subdivision 35;

55.25 (3) the property's taxable market value under section 272.03, subdivision 15;

55.26 (4) the property's gross tax, before credits;

55.27 (5) for agricultural properties, the credit under section 273.88;

55.28 ~~(5)~~ (6) for homestead agricultural properties, the credit under section 273.1384;

55.29 ~~(6)~~ (7) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
 55.30 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of  
 55.31 credit received under section 273.135 must be separately stated and identified as "taconite  
 55.32 tax relief"; and

55.33 ~~(7)~~ (8) the net tax payable in the manner required in paragraph (a).

55.34 (d) If the county uses envelopes for mailing property tax statements and if the county  
 55.35 agrees, a taxing district may include a notice with the property tax statement notifying  
 55.36 taxpayers when the taxing district will begin its budget deliberations for the current

56.1 year, and encouraging taxpayers to attend the hearings. If the county allows notices to  
 56.2 be included in the envelope containing the property tax statement, and if more than  
 56.3 one taxing district relative to a given property decides to include a notice with the tax  
 56.4 statement, the county treasurer or auditor must coordinate the process and may combine  
 56.5 the information on a single announcement.

56.6 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016  
 56.7 and thereafter.

56.8 Sec. 16. Minnesota Statutes 2014, section 276A.06, subdivision 3, is amended to read:

56.9 Subd. 3. **Apportionment of levy.** The county auditor shall apportion the levy of  
 56.10 each governmental unit in the county in the manner prescribed by this subdivision. The  
 56.11 auditor shall:

56.12 (1) by August 20 of ~~2014~~ and each subsequent year, determine the preliminary  
 56.13 areawide portion of the levy for each governmental unit by multiplying the local tax  
 56.14 rate of the governmental unit for the preceding levy year times the distribution value set  
 56.15 forth in subdivision 2, clause (2);

56.16 (2) by September 5 of each year, adjust the preliminary areawide portion of the  
 56.17 levy for each governmental unit by the adjustment percentage, if any, determined under  
 56.18 subdivision 5, paragraph (b);

56.19 ~~(2)~~ (3) by September 5 of ~~2014~~ and each subsequent year, determine the areawide  
 56.20 portion of the levy for each governmental unit by multiplying the adjusted preliminary  
 56.21 areawide portion of the levy for each governmental unit times a fraction, the numerator of  
 56.22 which is the difference between the sum of the adjusted preliminary areawide levies for all  
 56.23 governmental units in the area minus the school fund allocation and the denominator is the  
 56.24 sum of the adjusted preliminary areawide levy for all governmental units in the area; and

56.25 ~~(3)~~ (4) by September 5 of ~~2014~~ and each subsequent year, determine the local  
 56.26 portion of the current year's levy by subtracting the resulting amount from clause ~~(1)~~ (2)  
 56.27 from the governmental unit's current year's levy.

56.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

56.29 Sec. 17. Minnesota Statutes 2014, section 276A.06, subdivision 5, is amended to read:

56.30 Subd. 5. **Areawide tax rate.** (a) On or before August 25, 1997, and of each  
 56.31 subsequent year, the county auditor shall certify to the administrative auditor the  
 56.32 preliminary portion of the levy of each governmental unit determined pursuant to  
 56.33 subdivision 3, clause (1). The administrative auditor shall then determine the areawide

57.1 tax rate sufficient to yield an amount equal to the sum of the levies from the preliminary  
57.2 areawide net tax capacity.

57.3 (b) The areawide tax rate may not deviate from the previous year's areawide rate by  
57.4 more than five percentage points. If the areawide tax rate determined under paragraph  
57.5 (a) does not fall within that range, the auditor must determine the percentage increase or  
57.6 reduction to each jurisdiction's distribution levy necessary so that the areawide rate falls  
57.7 within the range and recalculate the areawide rate accordingly.

57.8 (c) On or before September 1, the administrative auditor shall certify the areawide  
57.9 tax rate to each of the county auditors.

57.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2017.

57.11 Sec. 18. Minnesota Statutes 2014, section 279.01, subdivision 1, is amended to read:

57.12 Subdivision 1. **Due dates; penalties.** (a) Except as provided in subdivisions 3 to 5,  
57.13 on May 16 or 21 days after the postmark date on the envelope containing the property tax  
57.14 statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid  
57.15 taxes on real estate on the current lists in the hands of the county treasurer. The penalty is  
57.16 at a rate of two percent on homestead property until May 31 and four percent on June 1.  
57.17 The penalty on nonhomestead property is at a rate of four percent until May 31 and eight  
57.18 percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after  
57.19 the postmark date on the envelope containing the property tax statements, whichever is  
57.20 later, on commercial use real property used for seasonal residential recreational purposes  
57.21 and classified as class 1c or 4c, and on other commercial use real property classified as  
57.22 class 3a, provided that over 60 percent of the gross income earned by the enterprise on the  
57.23 class 3a property is earned during the months of May, June, July, and August. In order for  
57.24 the first half of the tax due on class 3a property to be paid after May 15 and before June 1,  
57.25 or 21 days after the postmark date on the envelope containing the property tax statement,  
57.26 whichever is later, without penalty, the owner of the property must attach an affidavit  
57.27 to the payment attesting to compliance with the income provision of this subdivision.  
57.28 Thereafter, for both homestead and nonhomestead property, on the first day of each month  
57.29 beginning July 1, up to and including October 1 following, an additional penalty of one  
57.30 percent for each month accrues and is charged on all such unpaid taxes provided that if the  
57.31 due date was extended beyond May 15 as the result of any delay in mailing property tax  
57.32 statements no additional penalty shall accrue if the tax is paid by the extended due date. If  
57.33 the tax is not paid by the extended due date, then all penalties that would have accrued if  
57.34 the due date had been May 15 shall be charged. When the taxes against any tract or lot  
57.35 exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark

58.1 date on the envelope containing the property tax statement, whichever is later; and, if so  
58.2 paid, no penalty attaches; the remaining one-half may be paid at any time prior to October  
58.3 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues  
58.4 thereon for homestead property and a penalty of four percent on nonhomestead property.  
58.5 Thereafter, for homestead property, on the first day of November an additional penalty of  
58.6 four percent accrues and on the first day of December following, an additional penalty of  
58.7 two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead  
58.8 property, on the first day of November and December following, an additional penalty of  
58.9 four percent for each month accrues and is charged on all such unpaid taxes. If one-half of  
58.10 such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope  
58.11 containing the property tax statement, whichever is later, the same may be paid at any time  
58.12 prior to October 16, with accrued penalties to the date of payment added, and thereupon  
58.13 no penalty attaches to the remaining one-half until October 16 following.

58.14 (b) This section applies to payment of personal property taxes assessed against  
58.15 improvements to leased property, except as provided by section 277.01, subdivision 3.

58.16 (c) A county may provide by resolution that in the case of a property owner that has  
58.17 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in  
58.18 installments as provided in this subdivision.

58.19 (d) The county treasurer may accept payments of more or less than the exact amount  
58.20 of a tax installment due. Payments must be applied first to the oldest installment that is due  
58.21 but which has not been fully paid. If the accepted payment is less than the amount due,  
58.22 payments must be applied first to the penalty accrued for the year or the installment being  
58.23 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum  
58.24 payment required as a condition for filing an appeal under section 278.03 or any other law,  
58.25 nor does it affect the order of payment of delinquent taxes under section 280.39.

58.26 (e) No penalty under this section shall accrue if the property tax payment is delivered  
58.27 by mail to the county treasurer and the envelope containing the payment is postmarked  
58.28 within two business days of the due date prescribed under this section.

58.29 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016  
58.30 and thereafter.

58.31 Sec. 19. Minnesota Statutes 2014, section 279.37, subdivision 2, is amended to read:

58.32 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to  
58.33 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
58.34 make and file with the county auditor of the county in which the parcel is located a written  
58.35 offer to pay the current taxes each year before they become delinquent, or to contest

59.1 the taxes under chapter 278 and agree to confess judgment for the amount provided, as  
59.2 determined by the county auditor. By filing the offer, the owner waives all irregularities  
59.3 in connection with the tax proceedings affecting the parcel and any defense or objection  
59.4 which the owner may have to the proceedings, and also waives the requirements of any  
59.5 notice of default in the payment of any installment or interest to become due pursuant to  
59.6 the composite judgment to be so entered. Unless the property is subject to subdivision 1a,  
59.7 with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes,  
59.8 costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the  
59.9 time the confession of judgment is entered. In the offer, the owner shall agree to pay the  
59.10 balance in nine equal installments, with interest as provided in section 279.03, payable  
59.11 annually on installments remaining unpaid from time to time, on or before December 31  
59.12 of each year following the year in which judgment was confessed.

59.13 (b) For property which qualifies under section 279.03, subdivision 2, paragraph (b),  
59.14 each year the commissioner shall set the interest rate for offers made under paragraph (a)  
59.15 at the greater of five percent or two percent above the prime rate charged by banks during  
59.16 the six-month period ending on September 30 of that year, rounded to the nearest full  
59.17 percent, provided that the rate must not exceed the maximum annum rate specified under  
59.18 section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the  
59.19 immediately succeeding year. The commissioner's determination under this subdivision is  
59.20 not a rule subject to the Administrative Procedure Act in chapter 14, including section  
59.21 14.386. If a default occurs in the payments under any confessed judgment entered under  
59.22 this paragraph, the taxes and penalties due are subject to the interest rate specified in  
59.23 section 279.03.

59.24 For the purposes of this subdivision:

59.25 (1) the term "prime rate charged by banks" means the average predominant prime  
59.26 rate quoted by commercial banks to large businesses, as determined by the Board of  
59.27 Governors of the Federal Reserve System; and

59.28 (2) "default" means the cancellation of the confession of judgment due to  
59.29 nonpayment of the current year tax or failure to make any installment payment required by  
59.30 this confessed judgment within 60 days from the date on which payment was due.

59.31 (c) The interest rate established at the time judgment is confessed is fixed for the  
59.32 duration of the judgment. By October 15 of each year, the commissioner of revenue must  
59.33 determine the rate of interest as provided under paragraph (b) and, by November 1 of each  
59.34 year, must certify the rate to the county auditor.

59.35 (d) A qualified property owner eligible to enter into a second confession of judgment  
59.36 may do so at the interest rate provided in paragraph (b).

60.1 ~~(e) Repurchase agreements or contracts for repurchase for properties being~~  
 60.2 ~~repurchased under section 282.261 are not eligible to receive the interest rate under~~  
 60.3 ~~paragraph (b).~~

60.4 ~~(f)~~ (e) The offer must be substantially as follows:

60.5 "To the court administrator of the district court of ..... county, I, .....,  
 60.6 am the owner of the following described parcel of real estate located in .....  
 60.7 county, Minnesota:

60.8 ..... Upon that real estate there are delinquent taxes for the year ....., and  
 60.9 prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
 60.10 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment  
 60.11 in the sum of \$..... and waive all irregularities in the tax proceedings affecting these  
 60.12 taxes and any defense or objection which I may have to them, and direct judgment to be  
 60.13 entered for the amount stated above, minus the sum of \$....., to be paid with this  
 60.14 document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and  
 60.15 interest stated above. I agree to pay the balance of the judgment in nine or four equal,  
 60.16 annual installments, with interest as provided in section 279.03, payable annually, on the  
 60.17 installments remaining unpaid. I agree to pay the installments and interest on or before  
 60.18 December 31 of each year following the year in which this judgment is confessed and  
 60.19 current taxes each year before they become delinquent, or within 30 days after the entry of  
 60.20 final judgment in proceedings to contest the taxes under chapter 278.

60.21 Dated ....., ....."

60.22 **EFFECTIVE DATE.** This section is effective for sales and repurchases occurring  
 60.23 after June 30, 2015.

60.24 Sec. 20. Minnesota Statutes 2014, section 282.01, subdivision 4, is amended to read:

60.25 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under  
 60.26 subdivision 3 must be conducted by the county auditor at the county seat of the county in  
 60.27 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may  
 60.28 be conducted in any county facility within the county. The sale must not be for less than  
 60.29 the appraised value except as provided in subdivision 7a. The parcels must be sold for  
 60.30 cash only, unless the county board of the county has adopted a resolution providing for  
 60.31 their sale on terms, in which event the resolution controls with respect to the sale. When  
 60.32 the sale is made on terms other than for cash only (1) a payment of at least ten percent  
 60.33 of the purchase price must be made at the time of purchase, and the balance must be  
 60.34 paid in no more than ten equal annual installments, or (2) the payments must be made

61.1 in accordance with county board policy, but in no event may the board require more  
 61.2 than 12 installments annually, and the contract term must not be for more than ten years.  
 61.3 Standing timber or timber products must not be removed from these lands until an amount  
 61.4 equal to the appraised value of all standing timber or timber products on the lands at the  
 61.5 time of purchase has been paid by the purchaser. If a parcel of land bearing standing  
 61.6 timber or timber products is sold at public auction for more than the appraised value, the  
 61.7 amount bid in excess of the appraised value must be allocated between the land and the  
 61.8 timber in proportion to their respective appraised values. In that case, standing timber or  
 61.9 timber products must not be removed from the land until the amount of the excess bid  
 61.10 allocated to timber or timber products has been paid in addition to the appraised value of  
 61.11 the land. The purchaser is entitled to immediate possession, subject to the provisions of  
 61.12 any existing valid lease made in behalf of the state.

61.13 ~~For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price~~  
 61.14 ~~is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance~~  
 61.15 ~~of the purchase price for sales occurring after December 31, 1990, is subject to interest~~  
 61.16 ~~at the same rate as installment payments on confession of judgment for delinquent taxes~~  
 61.17 ~~determined in section 279.03, subdivision 1a 279.37, subdivision 2, paragraph (b). The~~  
 61.18 ~~interest rate is subject to change each year on the unpaid balance in the manner provided~~  
 61.19 ~~for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable.~~  
 61.20 ~~Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable~~  
 61.21 ~~at the rate applicable to the sale at the time that the sale occurred.~~

61.22 **EFFECTIVE DATE.** This section is effective for sales occurring after June 30, 2015.

61.23 Sec. 21. Minnesota Statutes 2014, section 282.261, subdivision 2, is amended to read:

61.24 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved  
 61.25 by the county board is subject to interest at the same rate as installment payments on  
 61.26 confession of judgment for delinquent taxes determined in section ~~279.03, subdivision 1a~~  
 61.27 279.37, subdivision 2, paragraph (b). ~~The interest rate is subject to change each year on the~~  
 61.28 ~~unpaid balance in the manner provided for rate changes in section 279.03, subdivision 1a.~~

61.29 **EFFECTIVE DATE.** This section is effective for repurchases occurring after June  
 61.30 30, 2015.

61.31 Sec. 22. Minnesota Statutes 2014, section 290A.03, subdivision 13, is amended to read:

61.32 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
 61.33 exclusive of special assessments, penalties, and interest payable on a claimant's homestead

62.1 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
 62.2 and any other state paid property tax credits in any calendar year, and after any refund  
 62.3 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in  
 62.4 the year that the property tax is payable. In the case of a claimant who makes ground  
 62.5 lease payments, "property taxes payable" includes the amount of the payments directly  
 62.6 attributable to the property taxes assessed against the parcel on which the house is located.  
 62.7 No apportionment or reduction of the "property taxes payable" shall be required for the  
 62.8 use of a portion of the claimant's homestead for a business purpose if the claimant does not  
 62.9 deduct any business depreciation expenses for the use of a portion of the homestead, or  
 62.10 elects to deduct expenses under section 280A of the Internal Revenue Code for a business  
 62.11 operated in a home, in the determination of federal adjusted gross income. For homesteads  
 62.12 which are manufactured homes as defined in section 273.125, subdivision 8, and for  
 62.13 homesteads which are park trailers taxed as manufactured homes under section 168.012,  
 62.14 subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid  
 62.15 in the preceding year for the site on which the homestead is located. When a homestead  
 62.16 is owned by two or more persons as joint tenants or tenants in common, such tenants  
 62.17 shall determine between them which tenant may claim the property taxes payable on the  
 62.18 homestead. If they are unable to agree, the matter shall be referred to the commissioner of  
 62.19 revenue whose decision shall be final. Property taxes are considered payable in the year  
 62.20 prescribed by law for payment of the taxes.

62.21 In the case of a claim relating to "property taxes payable," the claimant must have  
 62.22 owned and occupied the homestead on January 2 of the year in which the tax is payable  
 62.23 and (i) the property must have been classified as homestead property pursuant to section  
 62.24 273.124, on or before December 15 of the assessment year to which the "property taxes  
 62.25 payable" relate; or (ii) the claimant must provide documentation from the local assessor  
 62.26 that application for homestead classification has been made on or before December 15  
 62.27 of the year in which the "property taxes payable" were payable and that the assessor has  
 62.28 approved the application.

62.29 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid after  
 62.30 December 31, 2013, and property taxes payable after December 31, 2014.

62.31 Sec. 23. Minnesota Statutes 2014, section 290A.04, subdivision 2h, is amended to read:

62.32 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
 62.33 increase more than ~~12~~ ten percent over the property taxes payable in the prior year on the  
 62.34 same property that is owned and occupied by the same owner on January 2 of both years,  
 62.35 and the amount of that increase is \$100 or more, a claimant who is a homeowner shall

63.1 be allowed an additional refund equal to 60 percent of the amount of the increase over  
 63.2 the greater of ~~12~~ ten percent of the prior year's property taxes payable or \$100. This  
 63.3 subdivision shall not apply to any increase in the gross property taxes payable attributable  
 63.4 to improvements made to the homestead after the assessment date for the prior year's  
 63.5 taxes. This subdivision shall not apply to any increase in the gross property taxes payable  
 63.6 attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

63.7 The maximum refund allowed under this subdivision is \$1,000.

63.8 (b) For purposes of this subdivision "gross property taxes payable" means property  
 63.9 taxes payable determined without regard to the refund allowed under this subdivision.

63.10 (c) In addition to the other proofs required by this chapter, each claimant under this  
 63.11 subdivision shall file with the property tax refund return a copy of the property tax statement  
 63.12 for taxes payable in the preceding year or other documents required by the commissioner.

63.13 (d) Upon request, the appropriate county official shall make available the names and  
 63.14 addresses of the property taxpayers who may be eligible for the additional property tax  
 63.15 refund under this section. The information shall be provided on a magnetic computer  
 63.16 disk. The county may recover its costs by charging the person requesting the information  
 63.17 the reasonable cost for preparing the data. The information may not be used for any  
 63.18 purpose other than for notifying the homeowner of potential eligibility and assisting the  
 63.19 homeowner, without charge, in preparing a refund claim.

63.20 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes  
 63.21 payable in 2016 and thereafter.

63.22 Sec. 24. Minnesota Statutes 2014, section 290B.03, subdivision 1, is amended to read:

63.23 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'  
 63.24 property tax deferral program are as follows:

63.25 (1) the property must be owned and occupied as a homestead by a person 65 years of  
 63.26 age or older. In the case of a married couple, at least one of the spouses must be at least 65  
 63.27 years old at the time the first property tax deferral is granted, regardless of whether the  
 63.28 property is titled in the name of one spouse or both spouses, or titled in another way that  
 63.29 permits the property to have homestead status, and the other spouse must be at least 62  
 63.30 years of age;

63.31 (2) the total household income of the qualifying homeowners, as defined in section  
 63.32 290A.03, subdivision 5, for the calendar year preceding the year of the initial application  
 63.33 may not exceed \$60,000;

64.1 (3) the homestead must have been owned and occupied as the homestead of at least  
 64.2 one of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial  
 64.3 application is filed;

64.4 (4) there are no state or federal tax liens or judgment liens on the homesteaded  
 64.5 property;

64.6 (5) there are no mortgages or other liens on the property that secure future advances,  
 64.7 except for those subject to credit limits that result in compliance with clause (6); and

64.8 (6) the total unpaid balances of debts secured by mortgages and other liens on the  
 64.9 property, including unpaid and delinquent special assessments and interest and any  
 64.10 delinquent property taxes, penalties, and interest, but not including property taxes payable  
 64.11 during the year, does not exceed 75 percent of the assessor's estimated market value for  
 64.12 the year.

64.13 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes  
 64.14 payable in 2016 and thereafter.

64.15 Sec. 25. Minnesota Statutes 2014, section 290B.04, subdivision 1, is amended to read:

64.16 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program  
 64.17 qualifications under section 290B.03 may apply to the commissioner of revenue for the  
 64.18 deferral of taxes. Applications are due on or before ~~July~~ November 1 for deferral of any  
 64.19 of the following year's property taxes. A taxpayer may apply in the year in which the  
 64.20 taxpayer becomes 65 years old, provided that no deferral of property taxes will be made  
 64.21 until the calendar year after the taxpayer becomes 65 years old. The application, which  
 64.22 shall be prescribed by the commissioner of revenue, shall include the following items and  
 64.23 any other information which the commissioner deems necessary:

64.24 (1) the name, address, and Social Security number of the owner or owners;

64.25 (2) a copy of the property tax statement for the current payable year for the  
 64.26 homesteaded property;

64.27 (3) the initial year of ownership and occupancy as a homestead;

64.28 (4) the owner's household income for the previous calendar year; and

64.29 (5) information on any mortgage loans or other amounts secured by mortgages or  
 64.30 other liens against the property, for which purpose the commissioner may require the  
 64.31 applicant to provide a copy of the mortgage note, the mortgage, or a statement of the  
 64.32 balance owing on the mortgage loan provided by the mortgage holder. The commissioner  
 64.33 may require the appropriate documents in connection with obtaining and confirming  
 64.34 information on unpaid amounts secured by other liens.

65.1 The application must state that program participation is voluntary. The application  
 65.2 must also state that the deferred amount depends directly on the applicant's household  
 65.3 income, and that program participation includes authorization for the annual deferred  
 65.4 amount, the cumulative deferral and interest that appear on each year's notice prepared by  
 65.5 the county under subdivision 6, is public data.

65.6 The application must state that program participants may claim the property tax  
 65.7 refund based on the full amount of property taxes eligible for the refund, including any  
 65.8 deferred amounts. The application must also state that property tax refunds will be used to  
 65.9 offset any deferral and interest under this program, and that any other amounts subject to  
 65.10 revenue recapture under section 270A.03, subdivision 7, will also be used to offset any  
 65.11 deferral and interest under this program.

65.12 (b) As part of the initial application process, the commissioner may require the  
 65.13 applicant to obtain at the applicant's own cost and submit:

65.14 (1) if the property is registered property under chapter 508 or 508A, a copy of the  
 65.15 original certificate of title in the possession of the county registrar of titles (sometimes  
 65.16 referred to as "condition of register"); or

65.17 (2) if the property is abstract property, a report prepared by a licensed abstracter  
 65.18 showing the last deed and any unsatisfied mortgages, liens, judgments, and state and  
 65.19 federal tax lien notices which were recorded on or after the date of that last deed with  
 65.20 respect to the property or to the applicant.

65.21 The certificate or report under clauses (1) and (2) need not include references to  
 65.22 any documents filed or recorded more than 40 years prior to the date of the certification  
 65.23 or report. The certification or report must be as of a date not more than 30 days prior  
 65.24 to submission of the application.

65.25 The commissioner may also require the county recorder or county registrar of the  
 65.26 county where the property is located to provide copies of recorded documents related to  
 65.27 the applicant or the property, for which the recorder or registrar shall not charge a fee. The  
 65.28 commissioner may use any information available to determine or verify eligibility under  
 65.29 this section. The household income from the application is private data on individuals as  
 65.30 defined in section 13.02, subdivision 12.

65.31 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes  
 65.32 payable in 2016 and thereafter.

65.33 Sec. 26. Minnesota Statutes 2014, section 469.194, subdivision 1, is amended to read:

65.34 Subdivision 1. **Authority; aggregate limit.** (a) The governing body of a  
 65.35 municipality the city of Worthington may, by resolution, issue obligations under chapter

66.1 475 to acquire land or interests in land for, and to design, engineer, and construct pipeline  
 66.2 and other facilities and infrastructure necessary to complete the Lewis and Clark Regional  
 66.3 Water System Project.

66.4 (b) The maximum amount of bonds that may be issued under this section is limited to  
 66.5 ~~an aggregate~~ a principal amount of ~~\$45,000,000~~ \$50,000,000, plus any costs of issuance and  
 66.6 amounts to be deposited into a debt service or reserve account. ~~The Lewis and Clark Joint~~  
 66.7 ~~Powers Board shall allocate the limit among the municipalities designated in subdivision 2.~~

66.8 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 66.9 without local approval under the provisions of Minnesota Statutes, section 645.023.

66.10 Sec. 27. Minnesota Statutes 2014, section 473H.09, is amended to read:

66.11 **473H.09 EARLY TERMINATION.**

66.12 Subdivision 1. Public emergency. Termination of an agricultural preserve earlier  
 66.13 than a date derived through application of section 473H.08 may be permitted ~~only~~ in the  
 66.14 event of a public emergency upon petition from the owner or authority to the governor.  
 66.15 The determination of a public emergency shall be by the governor through executive order  
 66.16 pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the  
 66.17 preserve, the reasons requiring the action and the date of termination.

66.18 Subd. 2. Death of owner. (a) Within 180 days of the death of an owner, an owner's  
 66.19 spouse, or other qualifying person, the surviving owner may elect to terminate the  
 66.20 agricultural preserve and the covenant allowing the land to be enrolled as an agricultural  
 66.21 preserve by notifying the authority on a form provided by the commissioner of agriculture.  
 66.22 Termination of a covenant under this subdivision must be executed and acknowledged in  
 66.23 the manner required by law to execute and acknowledge a deed.

66.24 (b) For purposes of this subdivision, the following definitions apply:

66.25 (1) "qualifying person" includes a partner, shareholder, trustee for a trust that the  
 66.26 decedent was the settlor or a beneficiary of, or member of an entity permitted to own  
 66.27 agricultural land and engage in farming under section 500.24 that owned the agricultural  
 66.28 preserve; and

66.29 (2) "surviving owner" includes the executor of the estate of the decedent, trustee for a  
 66.30 trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm  
 66.31 land under section 500.24 of which the decedent was a partner, shareholder, or member.

66.32 (c) When an agricultural preserve is terminated under this subdivision, the property  
 66.33 is subject to additional taxes in an amount equal to 50 percent of the taxes actually  
 66.34 levied against the property for the current taxes payable year. The additional taxes are

67.1 extended against the property on the tax list for taxes payable in the current year. The  
 67.2 additional taxes must be distributed among the jurisdictions levying taxes on the property  
 67.3 in proportion to the current year's taxes.

67.4 **EFFECTIVE DATE.** This section is effective July 1, 2015.

67.5 Sec. 28. Laws 1996, chapter 471, article 3, section 51, is amended to read:

67.6 Sec. 51. **RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

67.7 Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the  
 67.8 Carlton county board of commissioners may levy in and for the unorganized township of  
 67.9 Sawyer an amount up to \$1,500 \$2,000 annually for recreational purposes, ~~beginning with~~  
 67.10 ~~taxes payable in 1997 and ending with taxes payable in 2006.~~

67.11 Subd. 2. **Effective date.** ~~This section is effective June 1, 1996, without local~~  
 67.12 ~~approval~~ applies to taxes payable in 2015 and thereafter, and is effective the day after the  
 67.13 Carlton County Board of Commissioners and its chief clerical officer timely complete  
 67.14 their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

67.15 Sec. 29. **BOARD OF APPEALS AND EQUALIZATION IN-PERSON**  
 67.16 **TRAINING.**

67.17 Notwithstanding any other law to the contrary, the commissioner of revenue, in  
 67.18 consultation with the Minnesota Association of Townships, shall offer not less than 12  
 67.19 in-person board of appeals and equalization course trainings in 2015 and in 2016.

67.20 **EFFECTIVE DATE.** This section is effective June 1, 2015.

67.21 Sec. 30. **OPTIONAL CANCELLATION OF TAX FORFEITURE FOR CERTAIN**  
 67.22 **BUILDINGS; ST. LOUIS COUNTY.**

67.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
 67.24 have the meanings given.

67.25 (b) "Building PIN" means a parcel identification number that is assigned to a  
 67.26 building and does not include the land upon which the building is located; and

67.27 (c) "Land PIN" means a parcel identification number that is assigned to land upon  
 67.28 which a building associated with a building PIN is located.

67.29 Subd. 2. **Optional cancellation of tax forfeiture for buildings with building PINs.**  
 67.30 Notwithstanding any law to the contrary, if any building associated with a building PIN  
 67.31 and located in St. Louis County forfeits or has forfeited to the state of Minnesota before,  
 67.32 on, or after the date of enactment of this section because of nonpayment of delinquent

68.1 property taxes, special assessments, penalties, interest, or costs, the county auditor of St.  
68.2 Louis County may, with approval from the county board and the commissioner of revenue:

68.3 (1) cancel the certificate of forfeiture and set aside the forfeiture without reinstating  
68.4 the unpaid property taxes, special assessments, penalties, interest, or costs; and

68.5 (2) combine the building PIN with its associated land PIN. When this occurs, the  
68.6 land PIN is the only surviving parcel identification number, and includes both the building  
68.7 and the land upon which the building is located.

68.8 Subd. 3. **Cancellation of tax forfeiture; taxation through date of cancellation.**

68.9 Notwithstanding any law to the contrary, if the county auditor of St. Louis County cancels  
68.10 a certificate of forfeiture and sets aside a forfeiture in accordance with subdivision 2,  
68.11 the affected building is not subject to taxation from the date of forfeiture through the  
68.12 date of cancellation.

68.13 Subd. 4. **Appropriation.** \$1,000,000 in fiscal year 2016 only is appropriated from  
68.14 the general fund to the commissioner of revenue for a grant to St. Louis County that shall  
68.15 be paid on July 1, 2015. The county may only use the grant to remove any building,  
68.16 upon the request of the landowner, after the county has complied with the provisions of  
68.17 subdivision 2.

68.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

68.19 Sec. 31. **STUDY AND REPORT OF PRODUCTION BASED VALUATION OF**  
68.20 **AGRICULTURAL LAND.**

68.21 (a) The commissioner of agriculture and the commissioner of revenue shall conduct  
68.22 a study and prepare a report on the possibility of valuing agricultural land in the state for  
68.23 property tax purposes based on the value of agricultural commodities produced minus the  
68.24 cost of agricultural production.

68.25 (b) The study must, to the extent practicable under the appropriation and the time  
68.26 available:

68.27 (1) assess the availability and accuracy of data sources necessary to determine the  
68.28 productivity of agricultural land, the prices of agricultural commodities, and the costs of  
68.29 production, for all agricultural land across the state;

68.30 (2) analyze the potential impacts on other types of properties and on local  
68.31 governments if the state were to adopt a system valuing agricultural land based on  
68.32 production value, including the impacts of any changes in state aids;

68.33 (3) identify types of agricultural properties that are not directly used in agricultural  
68.34 production, and propose approaches for valuing those properties within a production  
68.35 value based system;

69.1 (4) assign values to agricultural land based on the best currently available data, and  
69.2 compare the resulting values to valuations currently used for property tax purposes; to the  
69.3 extent possible, analyze what that relationship would be in years other than the study year;

69.4 (5) analyze the potential volatility of land values under a production value based  
69.5 system and propose approaches for reducing the effects of agricultural land value volatility  
69.6 on other types of properties;

69.7 (6) analyze the potential tax shifts between different types of agricultural properties  
69.8 under a production value based system;

69.9 (7) analyze and make recommendations for how a production value based system  
69.10 would be administered in terms of the role of the Department of Revenue, county and  
69.11 local assessors, and other agencies;

69.12 (8) analyze how appeals of assessments by property owners would be handled  
69.13 under a production value based system;

69.14 (9) analyze how a production value based system would affect the green acres and  
69.15 metropolitan agricultural preserves programs;

69.16 (10) identify other states that have adopted production based valuation systems and  
69.17 describe how they have been implemented, with special emphasis upon neighboring  
69.18 states; and

69.19 (11) identify possible alternative methods of valuing agricultural land in addition to  
69.20 market value and production based agricultural land valuation.

69.21 (c) The commissioners must seek input from the dean of the University of  
69.22 Minnesota College of Food, Agricultural, and Natural Resource Sciences in the design  
69.23 and implementation of the study.

69.24 (d) The commissioners must request the involvement and participation of  
69.25 stakeholders including groups representing assessors and groups representing agricultural  
69.26 property owners.

69.27 (e) The commissioners shall report the findings of the study to the committees of the  
69.28 house of representatives and senate having jurisdiction over taxes by February 1, 2017,  
69.29 and file the report as required by Minnesota Statutes, section 3.195.

69.30 (f) \$200,000 in fiscal year 2016 is appropriated from the general fund to the  
69.31 commissioner of revenue for purposes of preparing the report under this section. This is a  
69.32 onetime appropriation and is not added to the base.

69.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

69.34 Sec. 32. **TOWN OF TOFTE; MUNICIPAL HOUSING.**

70.1 (a) Notwithstanding the provisions of Laws 1988, chapter 516, and Laws 1988,  
 70.2 chapter 719, article 19, section 27, the town of Tofte may own and operate within its  
 70.3 boundary up to 12 units of housing for individuals over 55 years of age or families with  
 70.4 one member of the household that is over 55 year of age.

70.5 (b) The town of Tofte shall have the powers of a city under Minnesota Statutes,  
 70.6 chapter 462C, and the powers of an authority under Minnesota Statutes, sections 469.001  
 70.7 to 469.047, with respect to this section. Upon the approval of the town board, the town of  
 70.8 Tofte may levy the tax described in Minnesota Statutes, section 469.033, subdivision 6.

70.9 (c) Nothing in this section shall limit the power of the Cook County/Grand Marais  
 70.10 Joint Economic Development Authority to exercise jurisdiction within the town of Tofte.  
 70.11 The authority to undertake new projects under this section shall expire on June 30, 2016.

70.12 **EFFECTIVE DATE.** This section is effective the day after compliance by  
 70.13 the governing body of the town of Tofte with Minnesota Statutes, section 645.021,  
 70.14 subdivisions 2 and 3.

70.15 Sec. 33. **APPROPRIATION.**

70.16 \$1,130,000 in fiscal year 2016 only is appropriated from the general fund to the  
 70.17 commissioner of revenue for a grant to Hennepin County. Of this amount, \$880,000 must  
 70.18 be used for the North Branch Library EMERGE Career and Technology Center, and  
 70.19 \$250,000 must be used for the Cedar Riverside Opportunity Center.

70.20 Sec. 34. **REPEALER.**

70.21 (a) Minnesota Statutes 2014, section 272.02, subdivision 23, is repealed.

70.22 (b) Minnesota Statutes 2014, section 275.025, subdivision 4, is repealed.

70.23 (c) Minnesota Statutes 2014, section 469.194, subdivisions 2 and 4, are repealed.

70.24 **EFFECTIVE DATE.** Paragraph (a) is effective for taxes payable in 2015.  
 70.25 Paragraph (b) is effective for taxes payable in 2016 and thereafter. Paragraph (c) is  
 70.26 effective the day following final enactment.

## 70.27 **ARTICLE 3**

### 70.28 **LOCAL DEVELOPMENT**

70.29 Section 1. Minnesota Statutes 2014, section 469.1763, subdivision 1, is amended to read:

70.30 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
 70.31 have the meanings given.

71.1 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils  
 71.2 correction, removal of hazardous waste or pollution, installation of utilities, construction  
 71.3 of public or private improvements, and other similar activities, but only to the extent that  
 71.4 tax increment revenues may be spent for such purposes under other law.

71.5 (c) "Third party" means an entity other than (1) the person receiving the benefit  
 71.6 of assistance financed with tax increments, or (2) the municipality or the development  
 71.7 authority or other person substantially under the control of the municipality.

71.8 (d) "Revenues derived from tax increments paid by properties in the district" means  
 71.9 only tax increment as defined in section 469.174, subdivision 25, clause (1), and does  
 71.10 not include tax increment as defined in section 469.174, subdivision 25, clauses (2);  
 71.11 ~~(3), and (4)~~ to (5).

71.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

71.13 Sec. 2. Minnesota Statutes 2014, section 469.1763, subdivision 2, is amended to read:

71.14 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
 71.15 district, an amount equal to at least 75 percent of the total revenue derived from tax  
 71.16 increments paid by properties in the district must be expended on activities in the district  
 71.17 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
 71.18 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
 71.19 For districts, other than redevelopment districts for which the request for certification  
 71.20 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
 71.21 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
 71.22 increments paid by properties in the district may be expended, through a development fund  
 71.23 or otherwise, on activities outside of the district but within the defined geographic area of  
 71.24 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
 71.25 For districts, other than redevelopment districts for which the request for certification was  
 71.26 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
 71.27 20 percent. ~~The revenue~~ revenues derived from tax increments ~~for~~ paid by properties in  
 71.28 the district that are expended on costs under section 469.176, subdivision 4h, paragraph  
 71.29 (b), may be deducted first before calculating the percentages that must be expended within  
 71.30 and without the district.

71.31 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
 71.32 subdivision 11, is an activity in the district.

71.33 (c) All administrative expenses are for activities outside of the district, except that  
 71.34 if the only expenses for activities outside of the district under this subdivision are for

72.1 the purposes described in paragraph (d), administrative expenses will be considered as  
72.2 expenditures for activities in the district.

72.3 (d) The authority may elect, in the tax increment financing plan for the district,  
72.4 to increase by up to ten percentage points the permitted amount of expenditures for  
72.5 activities located outside the geographic area of the district under paragraph (a). As  
72.6 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted  
72.7 expenditures under paragraph (a), need not be made within the geographic area of the  
72.8 project. Expenditures that meet the requirements of this paragraph are legally permitted  
72.9 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.  
72.10 To qualify for the increase under this paragraph, the expenditures must:

72.11 (1) be used exclusively to assist housing that meets the requirement for a qualified  
72.12 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

72.13 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of  
72.14 the Internal Revenue Code, less the amount of any credit allowed under section 42 of  
72.15 the Internal Revenue Code; and

72.16 (3) be used to:

72.17 (i) acquire and prepare the site of the housing;

72.18 (ii) acquire, construct, or rehabilitate the housing; or

72.19 (iii) make public improvements directly related to the housing; or

72.20 (4) be used to develop housing:

72.21 (i) if the market value of the housing does not exceed the lesser of:

72.22 (A) 150 percent of the average market value of single-family homes in that  
72.23 municipality; or

72.24 (B) \$200,000 for municipalities located in the metropolitan area, as defined in  
72.25 section 473.121, or \$125,000 for all other municipalities; and

72.26 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,  
72.27 demolition of existing structures, site preparation, and pollution abatement on one or  
72.28 more parcels, if the parcel contains a residence containing one to four family dwelling  
72.29 units that has been vacant for six or more months and is in foreclosure as defined in  
72.30 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's  
72.31 principal residence, and only after the redemption period has expired.

72.32 (e) For a district created within a biotechnology and health sciences industry zone  
72.33 as defined in Minnesota Statutes 2012, section 469.330, subdivision 6, or for an existing  
72.34 district located within such a zone, tax increment derived from such a district may be  
72.35 expended outside of the district but within the zone only for expenditures required for the  
72.36 construction of public infrastructure necessary to support the activities of the zone, land

73.1 acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j.  
 73.2 These expenditures are considered as expenditures for activities within the district. The  
 73.3 authority provided by this paragraph expires for expenditures made after the later of (1)  
 73.4 December 31, 2015, or (2) the end of the five-year period beginning on the date the district  
 73.5 was certified, provided that date was before January 1, 2016.

73.6 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
 73.7 Increments may continue to be expended under this authority after that date, if they are  
 73.8 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph  
 73.9 (a), if December 31, 2016, is considered to be the last date of the five-year period after  
 73.10 certification under that provision.

73.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

73.12 Sec. 3. Minnesota Statutes 2014, section 469.1763, subdivision 3, is amended to read:

73.13 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by  
 73.14 properties in the district are considered to have been expended on an activity within the  
 73.15 district under subdivision 2 only if one of the following occurs:

73.16 (1) before or within five years after certification of the district, the revenues are  
 73.17 actually paid to a third party with respect to the activity;

73.18 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
 73.19 sold to a third party before or within five years after certification, the revenues are spent  
 73.20 to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,  
 73.21 reasonably expected to be spent before the end of the later of (i) the five-year period, or  
 73.22 (ii) a reasonable temporary period within the meaning of the use of that term under section  
 73.23 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve  
 73.24 or replacement fund;

73.25 (3) binding contracts with a third party are entered into for performance of the  
 73.26 activity before or within five years after certification of the district and the revenues are  
 73.27 spent under the contractual obligation;

73.28 (4) costs with respect to the activity are paid before or within five years after  
 73.29 certification of the district and the revenues are spent to reimburse a party for payment  
 73.30 of the costs, including interest on unreimbursed costs; or

73.31 (5) expenditures are made for housing purposes as permitted by subdivision 2,  
 73.32 paragraphs (b) and (d), or for public infrastructure purposes within a zone as permitted  
 73.33 by subdivision 2, paragraph (e).

73.34 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if  
 73.35 the original refunded bonds meet the requirements of paragraph (a), clause (2).

74.1 (c) For a redevelopment district or a renewal and renovation district certified after  
 74.2 June 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a)  
 74.3 are extended to ten years after certification of the district. For a redevelopment district  
 74.4 certified after April 20, 2009, and before June 30, 2012, the five-year periods described in  
 74.5 paragraph (a) are extended to eight years after certification of the district. This extension is  
 74.6 provided primarily to accommodate delays in development activities due to unanticipated  
 74.7 economic circumstances.

74.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

74.9 Sec. 4. Minnesota Statutes 2014, section 469.178, subdivision 7, is amended to read:

74.10 Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan  
 74.11 money to finance expenditures under section 469.176, subdivision 4, from its general fund  
 74.12 or any other fund under which it has legal authority to do so.

74.13 (b) Not later than 60 days after money is transferred, advanced, or spent, whichever  
 74.14 is earliest, the loan or advance must be authorized; by resolution of the governing body or  
 74.15 of the authority, whichever has jurisdiction over the fund from which the advance or loan  
 74.16 is authorized, ~~before money is transferred, advanced, or spent, whichever is earliest.~~

74.17 (c) The resolution may generally grant to the municipality or the authority the power  
 74.18 to make interfund loans under one or more tax increment financing plans or for one or  
 74.19 more districts. The resolution may be adopted before or after the adoption of the tax  
 74.20 increment financing plan or the creation of the tax increment financing district from which  
 74.21 the advance or loan is to be repaid.

74.22 (d) The terms and conditions for repayment of the loan must be provided in  
 74.23 writing ~~and~~. The written terms and conditions may be in any form, but must include, at  
 74.24 a minimum, the principal amount, the interest rate, and maximum term. Written terms  
 74.25 may be modified or amended in writing by the municipality or the authority before the  
 74.26 latest decertification of the tax increment financing district from which the interfund loan  
 74.27 will be paid. The maximum rate of interest permitted to be charged is limited to the  
 74.28 greater of the rates specified under section 270C.40 or 549.09 as of the date the loan or  
 74.29 advance is authorized, unless the written agreement states that the maximum interest rate  
 74.30 will fluctuate as the interest rates specified under section 270C.40 or 549.09 are from time  
 74.31 to time adjusted. Loans or advances may be structured as draw-down or line-of-credit  
 74.32 obligations of the lending fund.

74.33 (e) The authority shall report in the annual report submitted pursuant to section  
 74.34 469.175, subdivision 6:

74.35 (1) the amount of any interfund loan or advance made in a calendar year; and

75.1 (2) any amendment of an interfund loan or advance made in a calendar year.

75.2 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 75.3 and applies to all districts, regardless of when the request for certification was made.

75.4 **Sec. 5. CITY OF COON RAPIDS; TAX INCREMENT FINANCING.**

75.5 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision  
 75.6 1b, or any other law to the contrary, the city of Coon Rapids may collect tax increment  
 75.7 from District 6-1 Port Riverwalk through December 31, 2038.

75.8 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
 75.9 bodies of the city of Coon Rapids, Anoka County, and Independent School District No.  
 75.10 11 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and  
 75.11 645.021, subdivision 3.

75.12 **Sec. 6. CITY OF COTTAGE GROVE; TAX INCREMENT FINANCING.**

75.13 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that  
 75.14 activities must be undertaken within a five-year period from the date of certification of a  
 75.15 tax increment financing district, are considered to be met for Tax Increment Financing  
 75.16 District No. 1-12 (Gateway North), administered by the Cottage Grove Economic  
 75.17 Development Authority, if the activities are undertaken prior to January 1, 2017.

75.18 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical  
 75.19 officer of the governing body of the city of Cottage Grove with the requirements of  
 75.20 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

75.21 **Sec. 7. CITY OF RICHFIELD; EXTENSION OF DISTRICT.**

75.22 Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other  
 75.23 law to the contrary, the city of Richfield and the Housing and Redevelopment Authority in  
 75.24 and for the city of Richfield may elect to extend the duration limit of the redevelopment  
 75.25 tax increment financing district known as the Cedar Avenue Tax Increment Financing  
 75.26 District established by Laws 2005, chapter 152, article 2, section 25, by ten years.

75.27 **EFFECTIVE DATE.** This section is effective upon compliance by the city  
 75.28 of Richfield, Hennepin County, and Independent School District No. 280 with the  
 75.29 requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
 75.30 subdivisions 2 and 3.



77.1 (b) A vendor having a liability of \$250,000 or more during a fiscal year ending June  
77.2 30 must remit the June liability for the next year in the following manner:

77.3 (1) Two business days before June 30 of the year, the vendor must remit ~~81.4~~ 80  
77.4 percent of the estimated June liability to the commissioner.

77.5 (2) On or before August 20 of the year, the vendor must pay any additional amount  
77.6 of tax not remitted in June.

77.7 (c) A vendor having a liability of:

77.8 (1) \$10,000 or more, but less than \$250,000 during a fiscal year ending June 30,  
77.9 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns  
77.10 due for periods beginning in all subsequent calendar years on or before the 20th day of  
77.11 the month following the month in which the taxable event occurred, or on or before the  
77.12 20th day of the month following the month in which the sale is reported under section  
77.13 289A.18, subdivision 4; or

77.14 (2) \$250,000 or more, during a fiscal year ending June 30, 2013, and fiscal years  
77.15 thereafter, must remit by electronic means all liabilities in the manner provided in  
77.16 paragraph (a) on returns due for periods beginning in the subsequent calendar year, except  
77.17 for ~~81.4~~ 80 percent of the estimated June liability, which is due two business days before  
77.18 June 30. The remaining amount of the June liability is due on August 20.

77.19 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's  
77.20 religious beliefs from paying electronically shall be allowed to remit the payment by mail.  
77.21 The filer must notify the commissioner of revenue of the intent to pay by mail before  
77.22 doing so on a form prescribed by the commissioner. No extra fee may be charged to a  
77.23 person making payment by mail under this paragraph. The payment must be postmarked  
77.24 at least two business days before the due date for making the payment in order to be  
77.25 considered paid on a timely basis.

77.26 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
77.27 July 1, 2015.

77.28 Sec. 2. Minnesota Statutes 2014, section 289A.60, subdivision 15, is amended to read:

77.29 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**  
77.30 **underpayment.** For payments made after December 31, 2013, if a vendor is required by  
77.31 law to submit an estimation of June sales tax liabilities and ~~81.4~~ 80 percent payment by a  
77.32 certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual  
77.33 June liability required to be paid in June less the amount remitted in June. The penalty  
77.34 must not be imposed, however, if the amount remitted in June equals the lesser of ~~81.4~~

78.1 80 percent of the preceding May's liability or ~~81.4~~ 80 percent of the average monthly  
 78.2 liability for the previous calendar year.

78.3 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
 78.4 July 1, 2015.

78.5 Sec. 3. Minnesota Statutes 2014, section 297A.62, subdivision 3, is amended to read:

78.6 Subd. 3. **Manufactured housing and park trailers; modular housing.** (a) For  
 78.7 retail sales of manufactured homes as defined in section 327.31, subdivision 6, for  
 78.8 residential uses, the sales tax under subdivisions 1 and 1a is imposed on 65 percent of the  
 78.9 dealer's cost of the manufactured home. For retail sales of new or used park trailers, as  
 78.10 defined in section 168.002, subdivision 23, the sales tax under subdivisions 1 and 1a is  
 78.11 imposed on 65 percent of the sales price of the park trailer.

78.12 (b) For retail sales of a modular home, as defined in section 297A.668, subdivision  
 78.13 8, paragraph (b), for residential use, the sales tax under subdivisions 1 and 1a is imposed  
 78.14 on 65 percent of the dealer's cost of the modular home.

78.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 78.16 June 30, 2015.

78.17 Sec. 4. Minnesota Statutes 2014, section 297A.67, subdivision 7a, is amended to read:

78.18 Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the  
 78.19 effective use of durable medical equipment for home use only or purchased in a transaction  
 78.20 covered by Medicare ~~or~~ Medicaid, or other health insurance plan, that are not already  
 78.21 exempt under subdivision 7, are exempt. Accessories and supplies for the effective use  
 78.22 of a prosthetic device, that are not already exempt under subdivision 7, are exempt.  
 78.23 For purposes of this subdivision "durable medical equipment," "prosthetic device,"  
 78.24 "Medicare," and "Medicaid" have the definitions given in subdivision 7-, and "other health  
 78.25 insurance plan" means a health plan defined in section 62A.011, subdivision 3, or 62V.02,  
 78.26 subdivision 4, or a qualified health plan defined in section 62A.011, subdivision 7.

78.27 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
 78.28 made after April 1, 2009. Any vendor who paid sales or use tax on accessories and  
 78.29 supplies purchased in a transaction covered by a health insurance plan defined in  
 78.30 Minnesota Statutes, section 62A.011, subdivision 3, or 62V.02, subdivision 4, or a  
 78.31 qualified health plan defined in Minnesota Statutes, section 62A.011, subdivision 7, that  
 78.32 are not already exempt under Minnesota Statutes, section 297A.67, subdivision 7, and  
 78.33 that were sold after April 1, 2009, and before July 1, 2015, may apply for a refund of the

79.1 sales or use tax paid in the manner provided in Minnesota Statutes, section 289A.50,  
79.2 subdivision 1, but only if the vendor did not collect and remit sales tax on the accessories  
79.3 and supplies for which a refund is claimed. Interest on the refund shall be paid at the rate  
79.4 in Minnesota Statutes, section 270C.405, from 90 days after the refund claim is filed with  
79.5 the commissioner of revenue. The amount to make the refunds is annually appropriated  
79.6 to the commissioner of revenue from the general fund. Refunds must not be filed until  
79.7 after June 30, 2015. Notwithstanding limitations on claims for refunds under Minnesota  
79.8 Statutes, section 289A.40, claims may be filed with the commissioner until June 30, 2016.

79.9 Sec. 5. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision  
79.10 to read:

79.11 Subd. 34. **Precious metal bullion.** (a) Sales of precious metal bullion by registered  
79.12 dealers under section 80G.02 that are required to be reported under Internal Revenue  
79.13 Service revenue procedure 92-103 are exempt. For purposes of this subdivision, "precious  
79.14 metal bullion" means bullion that would qualify for the exception for certain coins and  
79.15 bullion under section 408(m)(3) of the Internal Revenue Code of 1986 as amended  
79.16 through December 31, 2014. "Precious metal bullion" does not include jewelry, certified  
79.17 or graded coins, numismatic coins, or works of art.

79.18 (b) The intent of this subdivision is to afford the sale of precious metal bullion  
79.19 similar treatment as afforded the sale of stock, bullion exchange traded funds, bonds,  
79.20 and other investment instruments.

79.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
79.22 June 30, 2015.

79.23 Sec. 6. Minnesota Statutes 2014, section 297A.67, is amended by adding a subdivision  
79.24 to read:

79.25 Subd. 35. **Car seats.** The sale of an infant or child car seat, including a booster seat,  
79.26 that meets the requirements of a child passenger restraint system under motor vehicle  
79.27 safety standards established by the United States Department of Transportation is exempt.

79.28 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
79.29 June 30, 2015.

79.30 Sec. 7. Minnesota Statutes 2014, section 297A.68, subdivision 5, is amended to read:

80.1 Subd. 5. **Capital equipment.** (a) Capital equipment is exempt. The tax must be  
80.2 imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and  
80.3 then refunded in the manner provided in section 297A.75.

80.4 "Capital equipment" means machinery and equipment purchased or leased, and used  
80.5 in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining,  
80.6 or refining tangible personal property to be sold ultimately at retail if the machinery and  
80.7 equipment are essential to the integrated production process of manufacturing, fabricating,  
80.8 mining, or refining. Capital equipment also includes machinery and equipment  
80.9 used primarily to electronically transmit results retrieved by a customer of an online  
80.10 computerized data retrieval system.

80.11 (b) Capital equipment includes, but is not limited to:

80.12 (1) machinery and equipment used to operate, control, or regulate the production  
80.13 equipment;

80.14 (2) machinery and equipment used for research and development, design, quality  
80.15 control, and testing activities;

80.16 (3) environmental control devices that are used to maintain conditions such as  
80.17 temperature, humidity, light, or air pressure when those conditions are essential to and are  
80.18 part of the production process;

80.19 (4) materials and supplies used to construct and install machinery or equipment;

80.20 (5) repair and replacement parts, including accessories, whether purchased as spare  
80.21 parts, repair parts, or as upgrades or modifications to machinery or equipment;

80.22 (6) materials used for foundations that support machinery or equipment;

80.23 (7) materials used to construct and install special purpose buildings used in the  
80.24 production process;

80.25 (8) ready-mixed concrete equipment in which the ready-mixed concrete is mixed  
80.26 as part of the delivery process regardless if mounted on a chassis, repair parts for  
80.27 ready-mixed concrete trucks, and leases of ready-mixed concrete trucks; and

80.28 (9) machinery or equipment used for research, development, design, or production  
80.29 of computer software.

80.30 (c) Capital equipment does not include the following:

80.31 (1) motor vehicles taxed under chapter 297B;

80.32 (2) machinery or equipment used to receive or store raw materials;

80.33 (3) building materials, except for materials included in paragraph (b), clauses (6)  
80.34 and (7);

80.35 (4) machinery or equipment used for nonproduction purposes, including, but not  
80.36 limited to, the following: plant security, fire prevention, first aid, and hospital stations;

81.1 support operations or administration; pollution control; and plant cleaning, disposal of  
81.2 scrap and waste, plant communications, space heating, cooling, lighting, or safety;

81.3 (5) farm machinery and aquaculture production equipment as defined by section  
81.4 297A.61, subdivisions 12 and 13;

81.5 (6) machinery or equipment purchased and installed by a contractor as part of an  
81.6 improvement to real property;

81.7 (7) machinery and equipment used by restaurants in the furnishing, preparing, or  
81.8 serving of prepared foods as defined in section 297A.61, subdivision 31;

81.9 (8) machinery and equipment used to furnish the services listed in section 297A.61,  
81.10 subdivision 3, paragraph (g), clause (6), items (i) to (vi) and (viii);

81.11 (9) machinery or equipment used in the transportation, transmission, or distribution  
81.12 of petroleum, liquefied gas, natural gas, water, or steam, in, by, or through pipes, lines,  
81.13 tanks, mains, or other means of transporting those products. This clause does not apply to  
81.14 machinery or equipment used to blend petroleum or biodiesel fuel as defined in section  
81.15 239.77; or

81.16 (10) any other item that is not essential to the integrated process of manufacturing,  
81.17 fabricating, mining, or refining.

81.18 (d) For purposes of this subdivision:

81.19 (1) "Equipment" means independent devices or tools separate from machinery but  
81.20 essential to an integrated production process, including computers and computer software,  
81.21 used in operating, controlling, or regulating machinery and equipment; and any subunit or  
81.22 assembly comprising a component of any machinery or accessory or attachment parts of  
81.23 machinery, such as tools, dies, jigs, patterns, and molds.

81.24 (2) "Fabricating" means to make, build, create, produce, or assemble components or  
81.25 property to work in a new or different manner.

81.26 (3) "Integrated production process" means a process or series of operations through  
81.27 which tangible personal property is manufactured, fabricated, mined, or refined. For  
81.28 purposes of this clause, (i) manufacturing begins with the removal of raw materials  
81.29 from inventory and ends when the last process prior to loading for shipment has been  
81.30 completed; (ii) fabricating begins with the removal from storage or inventory of the  
81.31 property to be assembled, processed, altered, or modified and ends with the creation  
81.32 or production of the new or changed product; (iii) mining begins with the removal of  
81.33 overburden from the site of the ores, minerals, stone, peat deposit, or surface materials and  
81.34 ends when the last process before stockpiling is completed; and (iv) refining begins with  
81.35 the removal from inventory or storage of a natural resource and ends with the conversion  
81.36 of the item to its completed form.

82.1 (4) "Machinery" means mechanical, electronic, or electrical devices, including  
 82.2 computers and computer software, that are purchased or constructed to be used for the  
 82.3 activities set forth in paragraph (a), beginning with the removal of raw materials from  
 82.4 inventory through completion of the product, including packaging of the product.

82.5 (5) "Machinery and equipment used for pollution control" means machinery and  
 82.6 equipment used solely to eliminate, prevent, or reduce pollution resulting from an activity  
 82.7 described in paragraph (a).

82.8 (6) "Manufacturing" means an operation or series of operations where raw materials  
 82.9 are changed in form, composition, or condition by machinery and equipment and which  
 82.10 results in the production of a new article of tangible personal property. For purposes of  
 82.11 this subdivision, "manufacturing" includes the generation of electricity or steam to be  
 82.12 sold at retail.

82.13 (7) "Mining" means the extraction of minerals, ores, stone, or peat.

82.14 (8) "Online data retrieval system" means a system whose cumulation of information  
 82.15 is equally available and accessible to all its customers.

82.16 (9) "Primarily" means machinery and equipment used 50 percent or more of the time  
 82.17 in an activity described in paragraph (a).

82.18 (10) "Refining" means the process of converting a natural resource to an intermediate  
 82.19 or finished product, including the treatment of water to be sold at retail.

82.20 (11) This subdivision does not apply to telecommunications equipment as provided  
 82.21 in subdivision 35a, and does not apply to wire, cable, ~~fiber, or poles, or conduit~~ for  
 82.22 telecommunications services.

82.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 82.24 June 30, 2015.

82.25 Sec. 8. Minnesota Statutes 2014, section 297A.68, subdivision 35a, is amended to read:

82.26 Subd. 35a. **Telecommunications or pay television services machinery and**  
 82.27 **equipment.** (a) Telecommunications or pay television services machinery and equipment  
 82.28 purchased or leased for use directly by a telecommunications or pay television services  
 82.29 provider primarily in the provision of telecommunications or pay television services  
 82.30 that are ultimately to be sold at retail are exempt, regardless of whether purchased by  
 82.31 the owner, a contractor, or a subcontractor.

82.32 (b) For purposes of this subdivision, "telecommunications or pay television  
 82.33 machinery and equipment" includes, but is not limited to:

82.34 (1) machinery, equipment, and fixtures utilized in receiving, initiating,  
 82.35 amplifying, processing, transmitting, retransmitting, recording, switching, or monitoring

83.1 telecommunications or pay television services, such as computers, transformers, amplifiers,  
83.2 routers, bridges, repeaters, multiplexers, and other items performing comparable functions;

83.3 (2) machinery, equipment, and fixtures used in the transportation of  
83.4 telecommunications or pay television services, such as radio transmitters and receivers,  
83.5 satellite equipment, microwave equipment, and other transporting media, ~~but not wire-~~  
83.6 ~~eable, including fiber, poles, or and conduit, but not including wire, cable, or poles;~~

83.7 (3) ancillary machinery, equipment, and fixtures that regulate, control, protect, or  
83.8 enable the machinery in clauses (1) and (2) to accomplish its intended function, such as  
83.9 auxiliary power supply, test equipment, towers, heating, ventilating, and air conditioning  
83.10 equipment necessary to the operation of the telecommunications or pay television  
83.11 equipment; and software necessary to the operation of the telecommunications or pay  
83.12 television equipment; and

83.13 (4) repair and replacement parts, including accessories, whether purchased as spare  
83.14 parts, repair parts, or as upgrades or modifications to qualified machinery or equipment.

83.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
83.16 June 30, 2015.

83.17 Sec. 9. Minnesota Statutes 2014, section 297A.70, subdivision 4, is amended to read:

83.18 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph  
83.19 ~~(b) (c), to the following "nonprofit organizations" are exempt if the item purchased is~~  
83.20 used in the performance of their exempt function. The exemptions under this paragraph  
83.21 do not apply to:

83.22 (1) ~~a corporation, society, association, foundation, or institution organized and~~  
83.23 ~~operated exclusively for charitable, religious, or educational purposes if the item~~  
83.24 ~~purchased is used in the performance of charitable, religious, or educational functions;~~  
83.25 ~~and veterans groups under subdivision 5;~~

83.26 (2) ~~any senior citizen group or association of groups that:~~ hospitals, outpatient  
83.27 surgical centers, and critical access dental providers under subdivision 7, paragraphs (a)  
83.28 to (c), (e), and (f);

83.29 ~~(i) in general limits membership to persons who are either age 55 or older, or~~  
83.30 ~~physically disabled;~~

83.31 ~~(ii) is organized and operated exclusively for pleasure, recreation, and other~~  
83.32 ~~nonprofit purposes, not including housing, no part of the net earnings of which inures to~~  
83.33 ~~the benefit of any private shareholders; and~~

83.34 ~~(iii) is an exempt organization under section 501(c) of the Internal Revenue Code.~~

83.35 (3) products and services under subdivision 7, paragraph (d);

84.1 (4) nursing homes and boarding care homes under subdivision 18; or

84.2 (5) a nonprofit organization authorized under section 465.717.

84.3 (b) For purposes of this subdivision, ~~charitable purpose includes the maintenance of~~  
 84.4 ~~a cemetery owned by a religious organization.~~ "nonprofit organization" means:

84.5 (1) an organization that has a current federal determination letter stating that the  
 84.6 nonprofit organization qualifies as an exempt organization under section 501(c)(3) of the  
 84.7 Internal Revenue Code and has obtained a Minnesota tax identification number from the  
 84.8 Department of Revenue under section 297A.83; or

84.9 (2) any senior citizen group or association of groups that:

84.10 (i) in general, limits membership to persons who are either age 55 or older or  
 84.11 physically disabled;

84.12 (ii) is organized and operated exclusively for pleasure, recreation, and other  
 84.13 nonprofit purposes, not including housing, no part of the net earnings of which inures to  
 84.14 the benefit of any private shareholders; and

84.15 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code.

84.16 ~~(b)~~ (c) This exemption does not apply to the following sales:

84.17 (1) building, construction, or reconstruction materials purchased by a contractor  
 84.18 or a subcontractor as a part of a lump-sum contract or similar type of contract with a  
 84.19 guaranteed maximum price covering both labor and materials for use in the construction,  
 84.20 alteration, or repair of a building or facility;

84.21 (2) construction materials purchased by tax-exempt entities or their contractors to  
 84.22 be used in constructing buildings or facilities that will not be used principally by the  
 84.23 tax-exempt entities;

84.24 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause  
 84.25 (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section  
 84.26 297A.67, subdivision 2, except wine purchased by an established religious organization  
 84.27 for sacramental purposes or as allowed under subdivision 9a; and

84.28 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except  
 84.29 as provided in paragraph ~~(e)~~ (d).

84.30 ~~(e)~~ (d) This exemption applies to the leasing of a motor vehicle as defined in section  
 84.31 297B.01, subdivision 11, only if the vehicle is:

84.32 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a  
 84.33 passenger automobile, as defined in section 168.002, if the automobile is designed and  
 84.34 used for carrying more than nine persons including the driver; and

85.1 (2) intended to be used primarily to transport tangible personal property or  
 85.2 individuals, other than employees, to whom the organization provides service in  
 85.3 performing its charitable, religious, or educational purpose.

85.4 ~~(d)~~ (e) A limited liability company also qualifies for exemption under this  
 85.5 subdivision if (1) it consists of a sole member that would qualify for the exemption, and  
 85.6 (2) the items purchased qualify for the exemption.

85.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 85.8 June 30, 2015.

85.9 Sec. 10. Minnesota Statutes 2014, section 297A.70, subdivision 14, is amended to read:

85.10 Subd. 14. **Fund-raising events sponsored by nonprofit groups.** (a) Sales of  
 85.11 tangible personal property or services at, and admission charges for fund-raising events  
 85.12 sponsored by, a nonprofit organization are exempt if:

85.13 (1) all gross receipts are recorded as such, in accordance with generally accepted  
 85.14 accounting practices, on the books of the nonprofit organization; and

85.15 (2) the entire proceeds, less the necessary expenses for the event, will be used solely  
 85.16 and exclusively for charitable, religious, or educational purposes. Exempt sales include  
 85.17 the sale of prepared food, candy, and soft drinks at the fund-raising event.

85.18 (b) This exemption is limited in the following manner:

85.19 (1) it does not apply to admission charges for events involving bingo or other  
 85.20 gambling activities or to charges for use of amusement devices involving bingo or other  
 85.21 gambling activities;

85.22 (2) all gross receipts are taxable if the profits are not used solely and exclusively for  
 85.23 charitable, religious, or educational purposes;

85.24 (3) it does not apply unless the organization keeps a separate accounting record,  
 85.25 including receipts and disbursements from each fund-raising event that documents all  
 85.26 deductions from gross receipts with receipts and other records;

85.27 (4) it does not apply to any sale made by or in the name of a nonprofit corporation as  
 85.28 the active or passive agent of a person that is not a nonprofit corporation;

85.29 (5) all gross receipts are taxable if fund-raising events exceed 24 days per year;

85.30 (6) it does not apply to fund-raising events conducted on premises leased for more  
 85.31 than ~~five~~ ten days but less than 30 days; and

85.32 (7) it does not apply if the risk of the event is not borne by the nonprofit organization  
 85.33 and the benefit to the nonprofit organization is less than the total amount of the state and  
 85.34 local tax revenues forgone by this exemption.

86.1 (c) For purposes of this subdivision, a "nonprofit organization" means any unit of  
86.2 government, corporation, society, association, foundation, or institution organized and  
86.3 operated for charitable, religious, educational, civic, fraternal, and senior citizens' or  
86.4 veterans' purposes, no part of the net earnings of which inures to the benefit of a private  
86.5 individual.

86.6 (d) For purposes of this subdivision, "fund-raising events" means activities of  
86.7 limited duration, not regularly carried out in the normal course of business, that attract  
86.8 patrons for community, social, and entertainment purposes, such as auctions, bake sales,  
86.9 ice cream socials, block parties, carnivals, competitions, concerts, concession stands,  
86.10 craft sales, bazaars, dinners, dances, door-to-door sales of merchandise, fairs, fashion  
86.11 shows, festivals, galas, special event workshops, sporting activities such as marathons and  
86.12 tournaments, and similar events. Fund-raising events do not include the operation of a  
86.13 regular place of business in which services are provided or sales are made during regular  
86.14 hours such as bookstores, thrift stores, gift shops, restaurants, ongoing Internet sales,  
86.15 regularly scheduled classes, or other activities carried out in the normal course of business.

86.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
86.17 June 30, 2015.

86.18 Sec. 11. Minnesota Statutes 2014, section 297A.70, is amended by adding a  
86.19 subdivision to read:

86.20 **Subd. 20. Animal shelters.** Sales of animals by a nonprofit animal shelter are  
86.21 exempt. For purposes of this subdivision, the term "nonprofit animal shelter" means  
86.22 a nonprofit organization that is exempt under section 297A.70, subdivision 4, and is  
86.23 engaged in the business of rescuing, sheltering, and finding homes for unwanted animals.

86.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
86.25 June 30, 2015.

86.26 Sec. 12. Minnesota Statutes 2014, section 297F.05, subdivision 3, is amended to read:

86.27 **Subd. 3. Rates; tobacco products.** (a) Except as provided in paragraphs (b) and (c)  
86.28 and subdivision 3a, a tax is imposed upon all tobacco products in this state and upon any  
86.29 person engaged in business as a distributor, at the rate of 95 percent of the wholesale sales  
86.30 price of the tobacco products. The tax is imposed at the time the distributor:

86.31 (1) brings, or causes to be brought, into this state from outside the state tobacco  
86.32 products for sale;

87.1 (2) makes, manufactures, or fabricates tobacco products in this state for sale in  
87.2 this state; or

87.3 (3) ships or transports tobacco products to retailers in this state, to be sold by those  
87.4 retailers.

87.5 (b) ~~Notwithstanding paragraph (a),~~ A minimum tax equal to the greater of the tax  
87.6 imposed under paragraph (a) or a minimum tax equal to the rate imposed on a pack of  
87.7 20 cigarettes weighing not more than three pounds per thousand, as established under  
87.8 subdivision 1, is imposed on each container of moist snuff weighing not more than 1.2  
87.9 ounces. When more than one container subject to tax under this clause is packaged  
87.10 together, each container is subject to the minimum tax.

87.11 (c) Except as provided in paragraph (b), a tax equal to the greater of the tax imposed  
87.12 under paragraph (a) or a minimum tax equal to the rate imposed on a pack of 20 cigarettes  
87.13 weighing not more than three pounds per thousand, as established under subdivision 1,  
87.14 times the number of ounces of moist snuff in the container, divided by 1.2, is imposed on  
87.15 each container of moist snuff weighing more than 1.2 ounces.

87.16 For purposes of this subdivision, a "container" means ~~the smallest~~ a consumer-size can,  
87.17 package, or other container that is marketed or packaged ~~by the manufacturer, distributor,~~  
87.18 ~~or retailer for separate sale to a retail purchaser. When more than one container is~~  
87.19 ~~packaged together, each container is subject to tax.~~

87.20 **EFFECTIVE DATE.** This section is effective July 1, 2015.

87.21 Sec. 13. Minnesota Statutes 2014, section 297F.09, subdivision 10, is amended to read:

87.22 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.**

87.23 A cigarette or tobacco products distributor having a liability of \$250,000 or more during a  
87.24 fiscal year ending June 30, shall remit the June liability for the next year in the following  
87.25 manner:

87.26 (a) Two business days before June 30 of the year, the distributor shall remit the  
87.27 actual May liability and ~~81.4~~ 80 percent of the estimated June liability to the commissioner  
87.28 and file the return in the form and manner prescribed by the commissioner.

87.29 (b) On or before August 18 of the year, the distributor shall submit a return showing  
87.30 the actual June liability and pay any additional amount of tax not remitted in June. A  
87.31 penalty is imposed equal to ten percent of the amount of June liability required to be paid  
87.32 in June, less the amount remitted in June. However, the penalty is not imposed if the  
87.33 amount remitted in June equals the lesser of:

87.34 (1) ~~81.4~~ 80 percent of the actual June liability; or

88.1 (2) ~~81.4~~ 80 percent of the preceding May liability.

88.2 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
88.3 July 1, 2015.

88.4 Sec. 14. Minnesota Statutes 2014, section 297G.09, subdivision 9, is amended to read:

88.5 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this  
88.6 chapter having a liability of \$250,000 or more during a fiscal year ending June 30, shall  
88.7 remit the June liability for the next year in the following manner:

88.8 (a) Two business days before June 30 of the year, the taxpayer shall remit the actual  
88.9 May liability and ~~81.4~~ 80 percent of the estimated June liability to the commissioner and  
88.10 file the return in the form and manner prescribed by the commissioner.

88.11 (b) On or before August 18 of the year, the taxpayer shall submit a return showing  
88.12 the actual June liability and pay any additional amount of tax not remitted in June. A  
88.13 penalty is imposed equal to ten percent of the amount of June liability required to be paid  
88.14 in June less the amount remitted in June. However, the penalty is not imposed if the  
88.15 amount remitted in June equals the lesser of:

88.16 (1) ~~81.4~~ 80 percent of the actual June liability; or

88.17 (2) ~~81.4~~ 80 percent of the preceding May liability.

88.18 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
88.19 July 1, 2015.

88.20 Sec. 15. Minnesota Statutes 2014, section 297H.04, subdivision 2, is amended to read:

88.21 Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal  
88.22 solid waste shall pay a solid waste management tax of 60 cents per noncompacted  
88.23 cubic yard of periodic waste collection capacity purchased by the generator, based on  
88.24 the size of the container for the nonmixed municipal solid waste, the actual volume,  
88.25 or the weight-to-volume conversion schedule in paragraph (c). However, the tax must  
88.26 be calculated by the waste management service provider using the same method for  
88.27 calculating the waste management service fee so that both are calculated according to  
88.28 container capacity, actual volume, or weight.

88.29 (b) Notwithstanding section 297H.02, a residential generator that generates  
88.30 nonmixed municipal solid waste shall pay a solid waste management tax in the same  
88.31 manner as provided in paragraph (a).

88.32 (c) The weight-to-volume conversion schedule for:

89.1 (1) construction debris as defined in section 115A.03, subdivision 7, is ~~one ton~~  
 89.2 ~~equals 3.33 cubic yards, or \$2 per ton~~ equal to 60 cents per cubic yard. The commissioner  
 89.3 of revenue, after consultation with the commissioner of the Pollution Control Agency,  
 89.4 shall determine and may publish by notice a conversion schedule for construction debris;

89.5 (2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to  
 89.6 60 cents per cubic yard. The commissioner of revenue after consultation with the  
 89.7 commissioner of the Pollution Control Agency, shall determine, and may publish by  
 89.8 notice, a conversion schedule for various industrial wastes; and

89.9 (3) infectious waste as defined in section 116.76, subdivision 12, and pathological  
 89.10 waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or  
 89.11 60 cents per 150 pounds.

89.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 89.13 June 30, 2015.

89.14 Sec. 16. Minnesota Statutes 2014, section 469.190, subdivision 1, is amended to read:

89.15 Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law,  
 89.16 a statutory or home rule charter city may by ordinance, and a town may by the affirmative  
 89.17 vote of the electors at the annual town meeting, or at a special town meeting, impose a  
 89.18 tax of up to three percent on the gross receipts from the furnishing for consideration of  
 89.19 lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or  
 89.20 leasing of it for a continuous period of 30 days or more. A statutory or home rule charter  
 89.21 city may by ordinance impose the tax authorized under this subdivision on the camping  
 89.22 site receipts of a municipal campground. Regardless of whether the tax is collected locally  
 89.23 or by the state, a tax imposed under this subdivision or under a special law applies to  
 89.24 the entire consideration paid to obtain access to lodging, including ancillary or related  
 89.25 services, such as services provided by accommodation intermediaries as defined in section  
 89.26 297A.61, and similar services.

89.27 **EFFECTIVE DATE.** This section is effective the day following final enactment. In  
 89.28 enacting this section, the legislature confirms that Minnesota Statutes, section 469.190, its  
 89.29 predecessor provisions, and any special laws authorizing political subdivisions to impose  
 89.30 lodging taxes, were and are intended to apply to the entire consideration paid to obtain  
 89.31 access to lodging, including ancillary or related services, such as services provided by  
 89.32 accommodation intermediaries as defined in Minnesota Statutes, section 297A.61, and  
 89.33 similar services. The provisions of this section must not be interpreted to imply a narrower

90.1 construction of the tax base under lodging tax provisions of Minnesota law prior to the  
 90.2 enactment of this section.

90.3 Sec. 17. Minnesota Statutes 2014, section 469.190, subdivision 7, is amended to read:

90.4 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the  
 90.5 commissioner of revenue that a tax imposed pursuant to this section shall be collected  
 90.6 by the commissioner together with the tax imposed by chapter 297A, and subject to the  
 90.7 same interest, penalties, and other rules and that its proceeds, less the cost of collection,  
 90.8 shall be remitted to the city.

90.9 (b) If a tax under this section or under a special law is not collected by the  
 90.10 commissioner of revenue, the local government imposing the tax may by ordinance limit  
 90.11 the required filing and remittance of the tax by an accommodation intermediary, as  
 90.12 defined in section 297A.61, subdivision 47, to once in every calendar year. The local  
 90.13 government must inform the accommodation intermediary of the date when the return  
 90.14 or remittance is due and the dates must coincide with one of the monthly dates for filing  
 90.15 and remitting state sales tax under chapter 297A. The local government must also provide  
 90.16 accommodation intermediaries electronically with geographic and zip code information  
 90.17 necessary to correctly collect the tax.

90.18 **EFFECTIVE DATE.** This section is effective the day after final enactment.

90.19 Sec. 18. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991,  
 90.20 chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws  
 90.21 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154,  
 90.22 article 5, section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

90.23 Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other  
 90.24 law, ordinance, or city charter provision to the contrary, the city of Duluth may, by  
 90.25 ordinance, impose an additional sales tax of up to one and three-quarter percent on sales  
 90.26 transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision  
 90.27 3, clause (c). The imposition of this tax shall not be subject to voter referendum under  
 90.28 either state law or city charter provisions. When the city council determines that the taxes  
 90.29 imposed under this paragraph at a rate of three-quarters of one percent and other sources  
 90.30 of revenue produce revenue sufficient to pay debt service on bonds in the principal amount  
 90.31 of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the  
 90.32 Duluth Entertainment and Convention Center, which include a new arena, the rate of tax  
 90.33 under this subdivision must be reduced by three-quarters of one percent.

91.1 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
 91.2 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,  
 91.3 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of  
 91.4 one percent on sales transactions which are described in Minnesota Statutes 2000, section  
 91.5 297A.01, subdivision 3, clause (c). This tax expires when the city council determines  
 91.6 that the tax imposed under this paragraph, along with the tax imposed under section  
 91.7 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds  
 91.8 in a principal amount of no more than \$18,000,000, plus issuance and discount costs,  
 91.9 to finance capital improvements to public facilities to support tourism and recreational  
 91.10 activities in that portion of the city west of ~~34th~~ 14th Avenue West and the area south of  
 91.11 and including Skyline Parkway.

91.12 (c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation  
 91.13 bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the  
 91.14 costs of issuance and any premiums. The proceeds may be used to finance capital  
 91.15 improvements to public facilities that support tourism and recreational activities in the  
 91.16 portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including  
 91.17 Skyline Parkway, as described in paragraph (b). The issuance of the bonds is subject to the  
 91.18 provisions of Minnesota Statutes, chapter 475, except no election shall be required unless  
 91.19 required by the city charter. The bonds shall not be included in computing net debt. The  
 91.20 revenues from the taxes that the city of Duluth may impose under paragraph (b) and under  
 91.21 section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

91.22 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 91.23 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section  
 91.24 645.021, subdivisions 2 and 3.

91.25 Sec. 19. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389,  
 91.26 article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and  
 91.27 Laws 2014, chapter 308, article 3, section 22, is amended to read:

91.28 Sec. 22. **CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND**  
 91.29 **MOTELS.**

91.30 (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or  
 91.31 ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance,  
 91.32 impose an additional tax of one percent upon the gross receipts from the sale of lodging  
 91.33 for periods of less than 30 days in hotels and motels located in the city. The tax shall be  
 91.34 collected in the same manner as the tax set forth in the Duluth city charter, section 54(d),

92.1 paragraph one. The imposition of this tax shall not be subject to voter referendum under  
 92.2 either state law or city charter provisions.

92.3 (b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes,  
 92.4 section 477A.016, or any other law, ordinance, or city charter provision to the contrary,  
 92.5 the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half  
 92.6 of one percent on the gross receipts from the sale of lodging for periods of less than  
 92.7 30 days in hotels and motels located in the city. This tax expires when the city council  
 92.8 first determines that the tax imposed under this paragraph, along with the tax imposed  
 92.9 under section 21, paragraph (b), has produced revenues sufficient to pay the debt  
 92.10 service on bonds in a principal amount of no more than \$18,000,000, plus issuance and  
 92.11 discount costs, to finance capital improvements to public facilities to support tourism and  
 92.12 recreational activities in that portion of the city west of ~~34th~~ 14th Avenue West and the  
 92.13 area south of and including Skyline Parkway.

92.14 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 92.15 the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section  
 92.16 645.021, subdivisions 2 and 3.

92.17 Sec. 20. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by  
 92.18 Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9,  
 92.19 and Laws 2009, chapter 88, article 4, section 14, is amended to read:

92.20 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by  
 92.21 subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to  
 92.22 pay all or a portion of the expenses of constructing and improving facilities as part of an  
 92.23 urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized  
 92.24 expenses include, but are not limited to, acquiring property and paying relocation expenses  
 92.25 related to the development of Riverfront 2000 and related facilities, and securing or paying  
 92.26 debt service on bonds or other obligations issued to finance the construction of Riverfront  
 92.27 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related  
 92.28 facilities" means a civic-convention center, an arena, a riverfront park, a technology center  
 92.29 and related educational facilities, and all publicly owned real or personal property that  
 92.30 the governing body of the city determines will be necessary to facilitate the use of these  
 92.31 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and  
 92.32 landscaping. It also includes the performing arts theatre and the Southern Minnesota  
 92.33 Women's Hockey Exposition Center, for use by Minnesota State University, Mankato.

93.1 (b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and subject  
 93.2 to voter approval at a special or general election held on or before December 31, 2018, the  
 93.3 city may by ordinance also use revenues from taxes authorized under subdivisions 1 and 2:

93.4 (1) up to a maximum of \$29,000,000, plus associated bond costs, to pay all or a  
 93.5 portion of the expenses of the following capital projects:

93.6 (i) improvements to regional recreational facilities including existing hockey and  
 93.7 curling rinks, a baseball park, youth athletic fields and facilities, and the municipal  
 93.8 swimming pool including improvements to make the pool compliant with the Americans  
 93.9 with Disabilities Act;

93.10 (ii) improvements to flood control and the levee system;

93.11 (iii) water quality improvement projects in Blue Earth and Nicollet Counties;

93.12 (iv) expansion of the regional transit building and related multimodal transit  
 93.13 improvements;

93.14 (v) regional public safety and emergency communications improvements and  
 93.15 equipment; and

93.16 (vi) matching funds for improvements to publicly owned regional facilities including  
 93.17 a historic museum, supportive housing, and a senior center; and

93.18 (2) up to a maximum of \$25,000,000, plus associated bond costs, to pay all or a  
 93.19 portion of the costs of constructing the following new regional athletic facilities: ice  
 93.20 sheets, swimming and aquatic facility, multi-use sports bubble, indoor field house, or  
 93.21 indoor tennis courts.

93.22 (c) The additional uses of revenues authorized in paragraph (b) must be presented to  
 93.23 voters in one ballot question. The election must be held on the same date as the election to  
 93.24 extend the North Mankato local option sales tax authorized under section 25 of this article.

93.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 93.26 the city of Mankato and its chief clerical officer timely complete their compliance with  
 93.27 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

93.28 Sec. 21. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by  
 93.29 Laws 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter  
 93.30 366, article 7, section 10, is amended to read:

93.31 **Subd. 4. Expiration of taxing authority and expenditure limitation.** The  
 93.32 authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax  
 93.33 shall expire ~~on~~ at the later of when revenues are sufficient to pay off the bonds, including  
 93.34 interest and all other associated bond costs authorized under subdivision 5, or December  
 93.35 31, 2022, unless the additional uses under subdivision 3, paragraph (b), are authorized. If

94.1 the additional uses allowed in subdivision 3, paragraph (b), are authorized, the taxes expire  
 94.2 at the later of when revenues are sufficient to pay off the bonds, including interest and all  
 94.3 other associated bond costs authorized under subdivision 5, or December 31, 2038. Upon  
 94.4 expiration of the taxes, any remaining fund balance of revenues derived from the taxes  
 94.5 shall be disbursed to the general fund of the city. The taxes imposed under subdivisions 1  
 94.6 and 2 may expire at an earlier time if the city so determines by ordinance.

94.7 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 94.8 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

94.9 Sec. 22. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

94.10 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the  
 94.11 city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities,  
 94.12 without election under Minnesota Statutes, chapter 475, on the question of issuance of the  
 94.13 bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000  
 94.14 and related facilities shall not be included in computing any debt limitations applicable  
 94.15 to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal  
 94.16 of and interest on the bonds shall not be subject to any levy limitation or be included in  
 94.17 computing or applying any levy limitation applicable to the city.

94.18 (b) The city of Mankato, subject to voter approval at the election required under  
 94.19 subdivision 3, paragraph (b), may issue general obligation bonds of the city in an amount  
 94.20 not to exceed \$29,000,000 for the projects listed under subdivision 3, paragraph (b),  
 94.21 clause (1), and not to exceed \$25,000,000 for the projects listed under subdivision 3,  
 94.22 paragraph (b), clause (2), without election under Minnesota Statutes, chapter 475, on the  
 94.23 question of issuance of the bonds or a tax to pay them. The debt represented by bonds  
 94.24 under this paragraph shall not be included in computing any debt limitations applicable  
 94.25 to the city of Mankato, and the levy of taxes required by Minnesota Statutes, section  
 94.26 475.61, to pay principal of and interest on the bonds, and shall not be subject to any levy  
 94.27 limitation or be included in computing or applying any levy limitation applicable to the  
 94.28 city. The city may use tax revenue in excess of one year's principal interest reserve for  
 94.29 intended annual bond payments to pay all or a portion of the cost of capital improvements  
 94.30 authorized in subdivision 3.

94.31 (c) Notwithstanding the maximum bond limits in this subdivision, the city may use  
 94.32 tax revenue in excess of any and all annual principal and interest payment obligations for  
 94.33 capital replacement associated with the uses authorized in subdivision 3.

95.1 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 95.2 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

95.3 Sec. 23. Laws 1991, chapter 291, article 8, section 27, subdivision 6, is amended to read:

95.4 Subd. 6. **Reverse referendum; authorization of extensions.** (a) If the Mankato city  
 95.5 council intends to exercise the authority provided by this section, it shall pass a resolution  
 95.6 stating the fact before July 1, 1991. The resolution must be published for two successive  
 95.7 weeks in the official newspaper of the city or, if there is no official newspaper, in a  
 95.8 newspaper of general circulation in the city, together with a notice fixing a date for a public  
 95.9 hearing on the matter. The hearing must be held at least two weeks but not more than four  
 95.10 weeks after the first publication of the resolution. Following the public hearing, the city  
 95.11 may determine to take no further action or adopt a resolution confirming its intention to  
 95.12 exercise the authority. That resolution must also be published in the official newspaper of  
 95.13 the city or, if there is no official newspaper, in a newspaper of general circulation in the  
 95.14 city. If within 30 days after publication of the resolution a petition signed by voters equal  
 95.15 in number to ten percent of the votes cast in the city in the last general election requesting  
 95.16 a vote on the proposed resolution is filed with the county auditor, the resolution is not  
 95.17 effective until it has been submitted to the voters at a general or special election and a  
 95.18 majority of votes cast on the question of approving the resolution are in the affirmative. The  
 95.19 commissioner of revenue shall prepare a suggested form of question to be presented at the  
 95.20 election. The referendum must be held at a special or general election before December 1,  
 95.21 1991. This subdivision applies notwithstanding any city charter provision to the contrary.

95.22 (b) If the Mankato city council wishes to extend the taxes authorized under  
 95.23 subdivisions 1 and 2 to fund any of the projects listed in subdivision 3, paragraph (b) or  
 95.24 (c), the city must pass a resolution extending the taxes before July 1, 2015. The tax may  
 95.25 not be imposed unless approved by the voters.

95.26 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 95.27 without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

95.28 Sec. 24. Laws 2006, chapter 257, section 2, the effective date, as amended by Laws  
 95.29 2011, First Special Session chapter 7, article 3, section 17, is amended to read:

95.30 **EFFECTIVE DATE.** This section is effective for sales and purchases after June 30,  
 95.31 2006, ~~and before July 1, 2015.~~

95.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

96.1 Sec. 25. Laws 2008, chapter 366, article 7, section 20, is amended to read:

96.2 Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

96.3 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
96.4 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to  
96.5 the approval of the voters on November 7, 2006, the city of North Mankato may impose  
96.6 by ordinance a sales and use tax of one-half of one percent for the purposes specified  
96.7 in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the  
96.8 imposition, administration, collection, and enforcement of the taxes authorized under  
96.9 this subdivision.

96.10 Subd. 2. **Use of revenues.** (a) Revenues received from the tax authorized by  
96.11 subdivision 1 must be used to pay all or part of the capital costs of the following projects:

- 96.12 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41  
96.13 interchange project;
- 96.14 (2) development of regional parks and hiking and biking trails;
- 96.15 (3) expansion of the North Mankato Taylor Library;
- 96.16 (4) riverfront redevelopment; and
- 96.17 (5) lake improvement projects.

96.18 The total amount of revenues from the tax in subdivision 1 that may be used to fund  
96.19 these projects is \$6,000,000 plus any associated bond costs.

96.20 (b) If the city extends the tax as authorized under subdivision 2a, paragraph (a), the  
96.21 total amount that may be used to fund these projects is increased by \$9,000,000, plus  
96.22 associated bond costs, including interest on the bonds, minus any revenues used for the  
96.23 purposes listed in paragraph (c).

96.24 (c) Revenues raised from the tax imposed under subdivision 1 may also be used to  
96.25 fund all or a portion of the costs of constructing new regional athletic facilities: ice sheets,  
96.26 swimming and aquatic facility, multi-use sports bubble, indoor field house, or indoor  
96.27 tennis courts if those facilities are constructed within the corporate boundaries of the city  
96.28 of North Mankato. The tax may only be used for this purpose if authorized by the voters  
96.29 as provided for in subdivision 2a, paragraph (b).

96.30 Subd. 2a. **Authorization to extend the tax.** (a) Notwithstanding section 297A.99,  
96.31 subdivision 3, if the North Mankato city council intends to extend the tax authorized under  
96.32 subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated bond costs,  
96.33 including interest on the bonds, to fund the projects in subdivision 2, paragraph (a), the  
96.34 city must pass a resolution extending the tax before July 1, 2015. The resolution is not  
96.35 effective until it has been submitted to the voters at a general or special election and a  
96.36 majority of votes cast on the question of approving the resolution are in the affirmative.

97.1 The referendum must be held at a special or general election before December 1, 2018,  
97.2 and must be held on the same date as the referendum required under section 20. This  
97.3 subdivision applies notwithstanding any city charter provision to the contrary.

97.4 (b) Notwithstanding section 297A.99, subdivision 3, and subject to voter approval  
97.5 at a special or general election held on or before December 1, 2018, the city may use up  
97.6 to \$5,000,000, plus associated bond costs of the additional sales tax revenue allowed to  
97.7 be raised under paragraph (a), to pay all or a portion of the costs of constructing the new  
97.8 regional athletic facilities listed in subdivision 2, paragraph (c). The referendum required  
97.9 under this paragraph must be held on the same date as the referendum required under  
97.10 paragraph (a). The uses of revenues authorized in this paragraph and paragraph (a) must  
97.11 be presented to voters in one ballot question. The election must be held on the same date  
97.12 as the election to extend the Mankato local option sales tax authorized under section 20.

97.13 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the  
97.14 voters at the November 7, 2006 referendum authorizing the imposition of the taxes in  
97.15 this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
97.16 administrative expenses for the projects described in subdivision 2, paragraph (a), in an  
97.17 amount that does not exceed \$6,000,000. A separate election to approve the bonds under  
97.18 Minnesota Statutes, section 475.58, is not required.

97.19 (b) The city of North Mankato, subject to voter approval under subdivision 2a,  
97.20 paragraph (a), allowing for additional revenue to be spent for the projects in subdivision 2,  
97.21 paragraph (a), may issue additional bonds under Minnesota Statutes, chapter 475, to pay  
97.22 capital and administrative expenses for those projects in an amount that does not exceed  
97.23 \$9,000,000, plus associated bond costs, including interest on the bonds. If approved by  
97.24 voters as required under subdivision 2a, paragraph (b), up to \$5,000,000 of the bonds, plus  
97.25 associated bond costs, may be used to pay capital and administrative costs for the projects  
97.26 listed in subdivision 2, paragraph (b), instead. A separate election to approve the bonds  
97.27 under Minnesota Statutes, section 475.58, is not required.

97.28 ~~(b)~~ (c) The debt represented by the bonds is not included in computing any debt  
97.29 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section  
97.30 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

97.31 (d) Notwithstanding the maximum bond limits set forth above, the city may use tax  
97.32 revenue in excess of any and all annual principal and interest payment obligations for  
97.33 capital replacement associated with the uses authorized in subdivision 2.

97.34 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires when  
97.35 the city council determines that the amount of revenues received from the taxes to pay for  
97.36 the projects under subdivision 2, paragraph (a), first equals or exceeds \$6,000,000 plus the

98.1 additional amount needed to pay the costs related to issuance of bonds under subdivision  
 98.2 3, including interest on the bonds, unless the tax is extended as allowed in this section.  
 98.3 If the tax is extended as allowed under subdivision 2a, paragraphs (a) and (b), the tax  
 98.4 expires December 31, 2038. Any funds remaining after completion of the projects and  
 98.5 retirement or redemption of the bonds shall be placed in a capital facilities and equipment  
 98.6 replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
 98.7 time if the city so determines by ordinance.

98.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 98.9 the city of North Mankato and its chief clerical officer timely complete their compliance  
 98.10 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

98.11 Sec. 26. Laws 2013, chapter 143, article 8, section 22, the effective date, as amended  
 98.12 by Laws 2014, chapter 308, article 3, section 30, is amended to read:

98.13 **EFFECTIVE DATE.** Subdivision 7, paragraph (c), clause (2), is effective for sales  
 98.14 and purchases made after June 30, 2013. The provisions of subdivision 7, paragraph (b),  
 98.15 and paragraph (c), clause (8), are effective retroactively for sales and purchases made  
 98.16 after April 1, 2009. Any vendor who paid sales or use tax on items now exempt under  
 98.17 subdivision 7, paragraph (b), and paragraph (c), clause (8), that were sold after April 1,  
 98.18 2009, and before July 1, 2013, may apply for a refund of the sales or use tax paid in the  
 98.19 manner provided in Minnesota Statutes, section 289A.50, subdivision 1, but only if the  
 98.20 vendor did not collect and remit sales tax on the items for which a refund is claimed.  
 98.21 Interest on the refund shall be paid at the rate in Minnesota Statutes, section 270C.405,  
 98.22 from 90 days after the refund claim is filed with the commissioner of revenue. The amount  
 98.23 to make the refunds is annually appropriated to the commissioner of revenue from the  
 98.24 general fund. Notwithstanding limitations on claims for refunds under Minnesota Statutes,  
 98.25 section 289A.40, claims may be filed with the commissioner until June 30, ~~2015~~ 2016.

98.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

98.27 Sec. 27. Laws 2013, chapter 143, article 8, section 23, the effective date, as amended  
 98.28 by Laws 2014, chapter 308, article 3, section 31, is amended to read:

98.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 98.30 June 30, 2013, except that the provision regarding accessories and supplies purchased  
 98.31 in a transaction covered by Medicare or Medicaid that are not already exempt under  
 98.32 Minnesota Statutes, section 297A.67, subdivision 7, and the provision defining "Medicare"

99.1 and "Medicaid" are effective retroactively for sales and purchases made after April 1,  
 99.2 2009. Any vendor who paid sales or use tax on accessories and supplies purchased in a  
 99.3 transaction covered by Medicare or Medicaid that are not already exempt under Minnesota  
 99.4 Statutes, section 297A.67, subdivision 7, and that were sold after April 1, 2009, and before  
 99.5 July 1, 2013, may apply for a refund of the sales or use tax paid in the manner provided in  
 99.6 Minnesota Statutes, section 289A.50, subdivision 1, but only if the vendor did not collect  
 99.7 and remit sales tax on the accessories and supplies for which a refund is claimed. Interest  
 99.8 on the refund shall be paid at the rate in Minnesota Statutes, section 270C.405, from 90  
 99.9 days after the refund claim is filed with the commissioner of revenue. The amount to make  
 99.10 the refunds is annually appropriated to the commissioner of revenue from the general  
 99.11 fund. Notwithstanding limitations on claims for refunds under Minnesota Statutes, section  
 99.12 289A.40, claims may be filed with the commissioner until June 30, ~~2015~~ 2016.

99.13 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
 99.14 made after April 1, 2009.

99.15 Sec. 28. Laws 2014, chapter 308, article 7, section 7, is amended to read:

99.16 Sec. 7. **CITY OF LUVERNE LOCAL SALES TAX.**

99.17 (a) Notwithstanding Minnesota Statutes, sections 297A.99, 297A.993, and  
 99.18 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of  
 99.19 Luverne may, by ordinance, impose a sales and use tax of up to one-half of one percent for  
 99.20 the purposes specified in paragraph (b), if approved by the voters at a general election held  
 99.21 prior to December 31, 2020. Except as otherwise provided in this section, the provisions  
 99.22 of Minnesota Statutes, section 297A.99, subdivisions 4 to 13, govern the imposition,  
 99.23 administration, collection, and enforcement of the tax authorized under this paragraph.

99.24 (b) The proceeds of any tax imposed under paragraph (a), less refunds and costs of  
 99.25 collection, must be first used by the city to pay ~~debt service on bonds issued~~ the city's  
 99.26 local share under Minnesota Statutes, section ~~469.194~~ 477A.20, to fund the Lewis and  
 99.27 Clark Regional Water System project. Revenues collected in any calendar year in excess  
 99.28 of the city obligation to pay for ~~debt service on bonds issued~~ the city's local share under  
 99.29 Minnesota Statutes, section ~~469.194~~ 477A.20, may be retained by the city and used for  
 99.30 funding other capital projects within the city.

99.31 (c) A tax imposed under paragraph (a) expires when the city's ~~share of bonds~~ local  
 99.32 share issued under Minnesota Statutes, section ~~469.194~~ 477A.20, to fund the Lewis and  
 99.33 Clark Regional Water System Project has been made, or at an earlier time if approved  
 99.34 by the city council. The tax must not terminate before the city council determines that  
 99.35 revenues from this tax and any other revenue source the city dedicates are sufficient to

100.1 pay the ~~city~~ city's local share of debt service on bonds issued under Minnesota Statutes,  
 100.2 section ~~469.194~~ 477A.20.

100.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

100.4 Sec. 29. **CITY OF MARSHALL; VALIDATION OF PRIOR ACT.**

100.5 (a) Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city  
 100.6 of Marshall may approve Laws 2011, First Special Session chapter 7, article 4, section 14,  
 100.7 and file its approval with the secretary of state by June 15, 2013. If approved as authorized  
 100.8 under this paragraph, actions undertaken by the city pursuant to the approval of the voters  
 100.9 on November 6, 2012, and otherwise in accordance with Laws 2011, First Special Session  
 100.10 chapter 7, article 4, section 14, are validated.

100.11 (b) Notwithstanding the time limit on the imposition of tax under Laws 2011, First  
 100.12 Special Session chapter 7, article 4, section 14, and subject to local approval under  
 100.13 paragraph (a), the city of Marshall may impose the tax on or before July 1, 2013.

100.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 100.15 **ARTICLE 5**

### 100.16 **PROPERTY TAX AIDS AND CREDITS**

100.17 Section 1. Minnesota Statutes 2014, section 477A.0124, subdivision 4, is amended to  
 100.18 read:

100.19 Subd. 4. **County tax-base equalization aid.** (a) For 2006 and subsequent years,  
 100.20 the money appropriated to county tax-base equalization aid each calendar year, after the  
 100.21 payment under paragraph (f), shall be apportioned among the counties according to each  
 100.22 county's tax-base equalization aid factor.

100.23 (b) A county's tax-base equalization aid factor is equal to the amount by which (i)  
 100.24 ~~\$185~~ \$330 times the county's population, exceeds (ii) ~~9.45~~ 12 percent of the county's  
 100.25 net tax capacity.

100.26 (c) In the case of a county with a population less than 10,000, the factor determined  
 100.27 in paragraph (b) shall be multiplied by a factor of three.

100.28 (d) In the case of a county with a population greater than or equal to 10,000, but less  
 100.29 than 12,500, the factor determined in paragraph (b) shall be multiplied by a factor of two.

100.30 (e) In the case of a county with a population greater than or equal to 12,500 but less  
 100.31 than 16,500, the factor determined in paragraph (b) shall be multiplied by a factor of 1.25.

100.32 (e) (f) In the case of a county with a population greater than 500,000, the factor  
 100.33 determined in paragraph (b) shall be multiplied by a factor of 0.25.

101.1 (g) For distributions in 2016, the allocation to a county under paragraphs (a) to (f)  
101.2 shall not be less than 95 percent of the sum of the tax base equalization aid in 2014 plus  
101.3 any supplemental program aid that was distributed to the county under Laws 2014, chapter  
101.4 308, article 1, section 13. For distributions in 2017 and subsequent years, the allocation  
101.5 to a county under paragraphs (a) to (f) shall not be less than 95 percent of the tax base  
101.6 equalization aid of the county in the prior year.

101.7 (h) Beginning with aid payable in 2017, the amount under paragraph (b), item (i),  
101.8 shall be increased by the ratio of the statewide net tax capacity per capita to the statewide  
101.9 net tax capacity per capita in the 2014 assessment year provided that in no case shall the  
101.10 ratio be less than one or the ratio in the prior year, whichever is greater. The amount shall  
101.11 be rounded to the nearest \$10. The statewide taxable market value per capita shall be  
101.12 calculated using the most recent population available for the relevant assessment year at  
101.13 the time of the calculation of the aid by the commissioner under section 477A.014.

101.14 (~~f~~) (i) Before the money appropriated to county base equalization aid is apportioned  
101.15 among the counties as provided in paragraph (a), an amount up to \$73,259 is allocated  
101.16 annually to Anoka County and up to \$59,664 is annually allocated to Washington County  
101.17 for the county to pay postretirement costs of health insurance premiums for court  
101.18 employees. The allocation under this paragraph is in addition to the allocations under  
101.19 paragraphs (a) to (~~e~~) (h).

101.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

101.21 Sec. 2. **[477A.0126] REIMBURSEMENT OF COUNTY AND TRIBES FOR**  
101.22 **CERTAIN OUT-OF-HOME PLACEMENT.**

101.23 Subdivision 1. **Definition.** When used in this section, "out-of-home placement"  
101.24 means 24-hour substitute care for an Indian child as defined by section 260C.007,  
101.25 subdivision 21, placed under the Indian Child Welfare Act (ICWA) and chapter 260C,  
101.26 away from the child's parent or guardian and for whom the county social services agency  
101.27 or county correctional agency has been assigned responsibility for the child's placement  
101.28 and care, which includes placement in foster care under section 260C.007, subdivision  
101.29 18, and a correctional facility pursuant to a court order.

101.30 Subd. 2. **Determination of nonfederal share of costs.** (a) By January 1, 2016, each  
101.31 county shall report the following information to the commissioners of human services and  
101.32 corrections: (1) the separate amounts paid out of its social service agency and its corrections  
101.33 budget for out-of-home placement of children under the ICWA in calendar years 2012,  
101.34 2013, and 2014; and (2) the number of case days associated with the expenditures from  
101.35 each budget. By March 15, 2016, the commissioner of human services, in consultation with

102.1 the commissioner of corrections, shall certify to the commissioner of revenue and to the  
102.2 legislative committees responsible for local government aids and out-of-home placement  
102.3 funding, whether the data reported under this subdivision accurately reflects total  
102.4 expenditures by counties for out-of-home placement costs of children under the ICWA.

102.5 (b) By January 1, 2018, and each January 1 thereafter, each county shall report to the  
102.6 commissioners of human services and corrections the separate amounts paid out of its  
102.7 social service agency and its corrections budget for out-of-home placement of children  
102.8 under the ICWA in the calendar years two years before the current calendar year along  
102.9 with the number of case days associated with the expenditures from each budget.

102.10 (c) Until the commissioner of human services develops another mechanism for  
102.11 collecting and verifying data on out-of-home placements of children under the ICWA, and  
102.12 the legislature authorizes the use of that data, the data collected under this subdivision  
102.13 must be used to calculate payments under subdivision 3. The commissioner of human  
102.14 services shall certify the information to the commissioner of revenue by July 1 of the year  
102.15 prior to the aid payment.

102.16 Subd. 3. **Aid payments to counties.** For aids payable in calendar year 2017 and  
102.17 thereafter, the commissioner of revenue shall reimburse each county for 100 percent of  
102.18 the nonfederal share of the cost of out-of-home placement of children under the ICWA  
102.19 provided the commissioner of human services, in consultation with the commissioner  
102.20 of corrections, certifies to the commissioner of revenue that accurate data is available  
102.21 to make the aid determination under this section. The amount of reimbursement is the  
102.22 county's average nonfederal share of the cost for out-of-home placement of children  
102.23 under the ICWA for the most recent three calendar years for which data is available.  
102.24 The commissioner shall pay the aid under the schedule used for local government aid  
102.25 payments under section 477A.015.

102.26 Subd. 4. **Aid payments to tribes.** (a) By January 1, 2016, and each year  
102.27 thereafter, each tribe must certify to the commissioner of revenue the amount of federal  
102.28 reimbursement received by the tribe for out-of-home placement of children under the  
102.29 ICWA for the immediately preceding three calendar years.

102.30 (b) The amount of reimbursement to the tribe shall be the greater of: (1) five  
102.31 percent of the average reimbursement amount received from the federal government for  
102.32 out-of-home placement costs for the most recent three calendar years; or (2) \$200,000.  
102.33 The commissioner shall pay the aid under this section under the schedule used for local  
102.34 government aid payments under section 477A.015.

102.35 Subd. 5. **Appropriation.** An amount sufficient to pay aid under this section is  
102.36 annually appropriated to the commissioner of revenue from the general fund.

103.1 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.

103.2 Sec. 3. Minnesota Statutes 2014, section 477A.013, subdivision 1, is amended to read:

103.3 Subdivision 1. **Towns and unorganized territories.** In ~~2014~~ 2016 and thereafter,  
 103.4 each town and the total area of any unorganized territory within a county is eligible for  
 103.5 a distribution under this subdivision equal to the product of (i) its agricultural property  
 103.6 factor, (ii) its ~~town~~ area factor, (iii) its population factor, and (iv) 0.0045. As used in this  
 103.7 subdivision, the following terms have the meanings given them:

103.8 (1) "agricultural property factor" means the ratio of the adjusted net tax capacity of  
 103.9 agricultural property located in a town; or unorganized territory divided by the adjusted  
 103.10 net tax capacity of all other property located in the town or unorganized territory. The  
 103.11 agricultural property factor cannot exceed eight;

103.12 (2) "agricultural property" means property classified under section 273.13, as  
 103.13 homestead and nonhomestead agricultural property, rural vacant land, and noncommercial  
 103.14 seasonal recreational property;

103.15 (3) "~~town~~ area factor" means the most recent estimate of total acreage, not to exceed  
 103.16 50,000 acres, ~~located in the case of a township,~~ or 75,000 acres in the case of unorganized  
 103.17 territory, available as of July 1 in the aid calculation year, estimated or established by:

103.18 (i) the United States Bureau of the Census;

103.19 (ii) ~~the State Land Management Information Center~~ Minnesota Geospatial  
 103.20 Information Office; or

103.21 (iii) the secretary of state; and

103.22 (4) "population factor" means the square root of the ~~towns'~~ town's or unorganized  
 103.23 territory's population.

103.24 If the sum of the aids payable to all towns and unorganized territories under this  
 103.25 subdivision exceeds or is less than the limit under section 477A.03, subdivision 2c,  
 103.26 the distribution to each town and unorganized territory must be reduced or increased  
 103.27 proportionately so that the total amount of aids distributed under this section does not  
 103.28 exceed the limit in section 477A.03, subdivision 2c.

103.29 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

103.30 Sec. 4. Minnesota Statutes 2014, section 477A.014, subdivision 1, is amended to read:

103.31 Subdivision 1. **Calculations and payments.** (a) The commissioner of revenue shall  
 103.32 make all necessary calculations and make payments pursuant to sections 477A.013 and  
 103.33 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner  
 103.34 shall notify the authorities of their aid amounts, as well as the computational factors used

104.1 in making the calculations for their authority, and those statewide total figures that are  
104.2 pertinent, before August 1 of the year preceding the aid distribution year. In the case of  
104.3 unorganized territory, the commissioner shall notify the affected county government of  
104.4 the aid amount for any unorganized territory within the county and make payments of aid  
104.5 payable based on unorganized territory to the county government. The aid received by the  
104.6 county government must be spent in and for the unorganized territory.

104.7 (b) For the purposes of this subdivision, aid is determined for a city or town,  
104.8 or unorganized territory based on its city or town, or unorganized territory status as  
104.9 of June 30 of the year preceding the aid distribution year. If the effective date for a  
104.10 municipal incorporation, consolidation, annexation, detachment, dissolution, or township  
104.11 organization is on or before June 30 of the year preceding the aid distribution year, such  
104.12 change in boundaries or form of government shall be recognized for aid determinations for  
104.13 the aid distribution year. If the effective date for a municipal incorporation, consolidation,  
104.14 annexation, detachment, dissolution, or township organization is after June 30 of the year  
104.15 preceding the aid distribution year, such change in boundaries or form of government shall  
104.16 not be recognized for aid determinations until the following year.

104.17 (c) Changes in boundaries or form of government will only be recognized for the  
104.18 purposes of this subdivision, to the extent that: (1) changes in market values are included  
104.19 in market values reported by assessors to the commissioner, and changes in population  
104.20 and household size are included in their respective certifications to the commissioner as  
104.21 referenced in section 477A.011, or (2) an annexation information report as provided in  
104.22 paragraph (d) is received by the commissioner on or before July 15 of the aid calculation  
104.23 year. Revisions to estimates or data for use in recognizing changes in boundaries or form  
104.24 of government are not effective for purposes of this subdivision unless received by the  
104.25 commissioner on or before July 15 of the aid calculation year. Clerical errors in the  
104.26 certification or use of estimates and data established as of July 15 in the aid calculation  
104.27 year are subject to correction within the time periods allowed under subdivision 3.

104.28 (d) In the case of an annexation, an annexation information report may be completed  
104.29 by the annexing jurisdiction and submitted to the commissioner for purposes of this  
104.30 subdivision if the net tax capacity of annexed area for the assessment year preceding the  
104.31 effective date of the annexation exceeds five percent of the city's net tax capacity for the  
104.32 same year. The form and contents of the annexation information report shall be prescribed  
104.33 by the commissioner. The commissioner shall change the net tax capacity, the population,  
104.34 the population decline, the commercial industrial percentage, and the transformed  
104.35 population for the annexing jurisdiction only if the annexation information report provides  
104.36 data the commissioner determines to be reliable for all of these factors used to compute city

105.1 revenue need for the annexing jurisdiction. The commissioner shall adjust the pre-1940  
 105.2 housing percentage and household size only if the entire area of an existing city or town,  
 105.3 or unorganized territory is annexed or consolidated and only if reliable data is available  
 105.4 for all of these factors used to compute city revenue need for the annexing jurisdiction.

105.5 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

105.6 Sec. 5. Minnesota Statutes 2014, section 477A.015, is amended to read:

105.7 **477A.015 PAYMENT DATES.**

105.8 The commissioner of revenue shall make the payments of local government aid to  
 105.9 affected taxing authorities in ~~two~~ four installments on March 15, July 20 and December 26  
 105.10 15, September 15, and November 15 annually.

105.11 When the commissioner of public safety determines that a local government has  
 105.12 suffered financial hardship due to a natural disaster, the commissioner of public safety  
 105.13 shall notify the commissioner of revenue, who shall make payments of aids under sections  
 105.14 477A.011 to 477A.014, which are otherwise due on ~~December 26~~ November 15, as soon  
 105.15 as is practical after the determination is made but not before July 20.

105.16 The commissioner may pay all or part of the payments of aids under sections  
 105.17 477A.011 to 477A.014, which are due on ~~December 26~~ November 15 at any time after  
 105.18 August 15 if a local government requests such payment as being necessary for meeting its  
 105.19 cash flow needs. ~~For aids payable in 2013 only, a city that is located in an area deemed a~~  
 105.20 ~~disaster area during the month of April 2013, as defined in section 12A.02, subdivision 5,~~  
 105.21 ~~shall receive its December 26, 2013 payment with its July 20, 2013 payment.~~

105.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 105.23 2016 and thereafter.

105.24 Sec. 6. Minnesota Statutes 2014, section 477A.017, subdivision 2, is amended to read:

105.25 Subd. 2. **State auditor's duties.** The state auditor shall prescribe uniform financial  
 105.26 accounting and reporting standards in conformity with national standards to be applicable  
 105.27 to cities and towns of more than 2,500 population and uniform reporting standards to be  
 105.28 applicable to cities and towns of less than 2,500 population.

105.29 **EFFECTIVE DATE.** This section applies to reporting of financial information for  
 105.30 years ending on or after December 31, 2015.

105.31 Sec. 7. Minnesota Statutes 2014, section 477A.017, subdivision 3, is amended to read:

106.1 Subd. 3. **Conformity.** Other law to the contrary notwithstanding, in order to receive  
106.2 distributions under sections 477A.011 to 477A.03, counties ~~and~~, cities, and towns must  
106.3 conform to the standards set in subdivision 2 in making all financial reports required to be  
106.4 made to the state auditor ~~after June 30, 1984.~~

106.5 **EFFECTIVE DATE.** This section applies to reporting of financial information for  
106.6 years ending on or after December 31, 2015.

106.7 Sec. 8. Minnesota Statutes 2014, section 477A.03, subdivision 2a, is amended to read:

106.8 Subd. 2a. **Cities.** For aids payable in 2014, the total aid paid under section  
106.9 477A.013, subdivision 9, is \$507,598,012. The total aid paid under section 477A.013,  
106.10 subdivision 9, is \$516,898,012 for aids payable in 2015. For aids payable in 2016 ~~and~~  
106.11 ~~thereafter~~, the total aid paid under section 477A.013, subdivision 9, is ~~\$519,398,012~~  
106.12 \$540,940,079. For aids payable in 2017 and thereafter, the total aid paid under section  
106.13 477A.013, subdivision 9, is \$564,982,145.

106.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
106.15 2016 and thereafter.

106.16 Sec. 9. Minnesota Statutes 2014, section 477A.03, subdivision 2b, is amended to read:

106.17 Subd. 2b. **Counties.** (a) For aids payable in 2014 ~~and thereafter~~ through 2016,  
106.18 the total aid payable under section 477A.0124, subdivision 3, is \$100,795,000. For  
106.19 aids payable in 2017 and thereafter, the total aid payable under section 477A.0124,  
106.20 subdivision 3, is \$102,895,000. Each calendar year, \$500,000 of this appropriation shall  
106.21 be retained by the commissioner of revenue to make reimbursements to the commissioner  
106.22 of management and budget for payments made under section 611.27. The reimbursements  
106.23 shall be to defray the additional costs associated with court-ordered counsel under section  
106.24 611.27. Any retained amounts not used for reimbursement in a year shall be included in  
106.25 the next distribution of county need aid that is certified to the county auditors for the  
106.26 purpose of property tax reduction for the next taxes payable year.

106.27 (b) For aids payable in 2014 ~~and thereafter~~ through 2016, the total aid under section  
106.28 477A.0124, subdivision 4, is ~~\$104,909,575~~ \$129,909,575. For aids payable in 2017 and  
106.29 thereafter, the total aid payable under section 477A.0124, subdivision 4, is \$132,509,575.  
106.30 The commissioner of revenue shall transfer to the commissioner of management and  
106.31 budget \$207,000 annually for the cost of preparation of local impact notes as required by  
106.32 section 3.987, and other local government activities. The commissioner of revenue shall  
106.33 transfer to the commissioner of education \$7,000 annually for the cost of preparation of

107.1 local impact notes for school districts as required by section 3.987. The commissioner of  
 107.2 revenue shall deduct the amounts transferred under this paragraph from the appropriation  
 107.3 under this paragraph. The amounts transferred are appropriated to the commissioner of  
 107.4 management and budget and the commissioner of education respectively.

107.5 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

107.6 Sec. 10. Minnesota Statutes 2014, section 477A.03, subdivision 2c, is amended to read:

107.7 Subd. 2c. **Towns and unorganized territories.** For aids payable in ~~2014~~ 2016  
 107.8 and thereafter, the total aids paid under section 477A.013, subdivision 1, is limited to  
 107.9 ~~\$10,000,000~~ \$12,000,000. ~~For aids payable in 2015 and thereafter, the total aids paid~~  
 107.10 ~~under section 477A.013, subdivision 1, is limited to the amount certified to be paid in~~  
 107.11 ~~the previous year.~~

107.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

107.13 Sec. 11. Minnesota Statutes 2014, section 477A.12, subdivision 1, is amended to read:

107.14 Subdivision 1. **Types of land; payments.** The following amounts are annually  
 107.15 appropriated to the commissioner of natural resources from the general fund for transfer  
 107.16 to the commissioner of revenue. The commissioner of revenue shall pay the transferred  
 107.17 funds to counties as required by sections 477A.11 to 477A.14. The amounts, based on the  
 107.18 acreage as of July 1 of each year prior to the payment year, are:

107.19 (1) \$5.133 multiplied by (i) the total number of acres of acquired natural resources  
 107.20 land or, at the county's option three-fourths of one percent of the appraised value of all  
 107.21 acquired natural resources land in the county, whichever is greater; and (ii) the total  
 107.22 number of acres in the county that were purchased by a federally recognized Indian tribe  
 107.23 with funding provided under section 97A.056;

107.24 (2) \$5.133, multiplied by the total number of acres of transportation wetland or, at  
 107.25 the county's option, three-fourths of one percent of the appraised value of all transportation  
 107.26 wetland in the county, whichever is greater;

107.27 (3) \$5.133, multiplied by the total number of acres of wildlife management land, or,  
 107.28 at the county's option, three-fourths of one percent of the appraised value of all wildlife  
 107.29 management land in the county, whichever is greater;

107.30 (4) 50 percent of the dollar amount as determined under clause (1), multiplied by  
 107.31 the number of acres of military refuge land in the county;

107.32 (5) ~~\$1.50~~ \$2, multiplied by the number of acres of county-administered other natural  
 107.33 resources land in the county;

108.1 (6) \$5.133, multiplied by the total number of acres of land utilization project land  
 108.2 in the county;

108.3 (7) ~~\$1.50~~ \$2, multiplied by the number of acres of commissioner-administered other  
 108.4 natural resources land in the county; ~~and~~

108.5 (8) without regard to acreage, and notwithstanding the rules adopted under section  
 108.6 84A.55, \$300,000 for local assessments under section 84A.55, subdivision 9, that shall be  
 108.7 divided and distributed to the counties containing state-owned lands within a conservation  
 108.8 area in proportion to each county's percentage of the total annual ditch assessments; and

108.9 (9) without regard to acreage, and notwithstanding the rules adopted under section  
 108.10 84A.55, \$300,000 for past unpaid local assessments under section 84A.55, subdivision 9,  
 108.11 shall be distributed to the counties containing state-owned lands within a conservation  
 108.12 area in proportion to each county's percentage of the total past unpaid ditch assessments.

108.13 The payments shall be made for aids payable in calendar years 2015 through 2024. The  
 108.14 payments made to counties under this paragraph shall be considered the final payment  
 108.15 for this purpose.

108.16 ~~The commissioner of natural resources shall certify the number of acres and appraised~~  
 108.17 ~~values for wildlife management lands under clause (3) for calendar year 2013 to the~~  
 108.18 ~~commissioner of revenue by June 15, 2014. The commissioner of revenue shall make the~~  
 108.19 ~~payment for any positive difference in the 2013 payment under clause (3) by June 30, 2014.~~

108.20 **EFFECTIVE DATE.** Changes to clause (1) are effective for aids payable in  
 108.21 calendar year 2017 and thereafter. Changes to clauses (5), (7), and (9) are effective for  
 108.22 aids payable in calendar year 2015 and thereafter.

108.23 Sec. 12. Minnesota Statutes 2014, section 477A.12, subdivision 2, is amended to read:

108.24 Subd. 2. **Procedure.** (a) Each county auditor shall certify to the Department of  
 108.25 Natural Resources during July of each year prior to the payment year the number of acres  
 108.26 of county-administered other natural resources land within the county. The Department of  
 108.27 Natural resources may, in addition to the certification of acreage, require descriptive lists  
 108.28 of land so certified. The commissioner of natural resources shall determine and certify to  
 108.29 the commissioner of revenue by March 1 of the payment year:

108.30 (1) the number of acres and most recent appraised value of acquired natural  
 108.31 resources land, wildlife management land, and military refuge land within each county;

108.32 (2) the number of acres of commissioner-administered natural resources land within  
 108.33 each county;

109.1 (3) the number of acres of county-administered other natural resources land within  
 109.2 each county, based on the reports filed by each county auditor with the commissioner  
 109.3 of natural resources; ~~and~~

109.4 (4) the number of acres of land utilization project land within each county; and

109.5 (5) the number of acres within each county purchased by a federally recognized  
 109.6 Indian tribe with funding provided under section 97A.056.

109.7 (b) The commissioner of transportation shall determine and certify to the  
 109.8 commissioner of revenue by March 1 of the payment year the number of acres of  
 109.9 transportation wetland and the appraised value of the land, but only if it exceeds 500  
 109.10 acres in a county.

109.11 (c) Each auditor of a county that contains state-owned lands within a conservation  
 109.12 area shall determine and certify to the commissioner of natural resources by May 31 of  
 109.13 the payment year, the county's ditch assessments for state-owned lands subject to section  
 109.14 84A.55, subdivision 9. A joint certification for two or more counties may be submitted to  
 109.15 the commissioner of natural resources through the Consolidated Conservation Counties  
 109.16 Joint Powers Board. The commissioner of natural resources shall certify the ditch  
 109.17 assessments to the commissioner of revenue by June 15 of the payment year. The  
 109.18 commissioner of natural resources shall certify the ditch assessments under this paragraph  
 109.19 for payment year 2013 by June 15, 2014. The commissioner of revenue shall make the  
 109.20 payment for 2013 by June 30, 2014.

109.21 (d) The commissioner of revenue shall determine the distributions provided for in this  
 109.22 section using: (1) the number of acres and appraised values certified by the commissioner  
 109.23 of natural resources and the commissioner of transportation by March 1 of the payment  
 109.24 year; and (2) ditch assessments under paragraph (c), by July 15 of the payment year.

109.25 **EFFECTIVE DATE.** This section is effective for certifications made in 2016 and  
 109.26 thereafter.

109.27 Sec. 13. Minnesota Statutes 2014, section 477A.13, is amended to read:

109.28 **477A.13 TIME OF PAYMENT, DEDUCTIONS.**

109.29 Payments to the counties of the amounts determined under section 477A.12 must  
 109.30 be made by the commissioner of revenue from the general fund at the time provided in  
 109.31 section 477A.015 for the ~~first~~ second installment of local government aid.

109.32 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 109.33 2016 and thereafter.

110.1 Sec. 14. Minnesota Statutes 2014, section 477A.15, is amended to read:

110.2 **477A.15 TACONITE AID REIMBURSEMENT.**

110.3 Any school district in which is located property which had been entitled to a reduction  
 110.4 of tax pursuant to Minnesota Statutes 1978, section 273.135, subdivision 2, clause (c),  
 110.5 shall receive in 1981 and subsequent years an amount equal to the amount it received in  
 110.6 1980 pursuant to Minnesota Statutes 1978, section 298.28, subdivision 1, clause (3)(b).  
 110.7 Payments shall be made pursuant to this section and section 126C.48, subdivision 8,  
 110.8 paragraph (5), by the commissioner of revenue to the taxing jurisdictions on the date in  
 110.9 each calendar year when the ~~first~~ second installment is paid under section 477A.015.

110.10 **EFFECTIVE DATE.** This section is effective for payments made in calendar  
 110.11 year 2016 and thereafter.

110.12 Sec. 15. Minnesota Statutes 2014, section 477A.20, is amended to read:

110.13 **477A.20 DEBT SERVICE AID; ~~LEWIS AND CLARK JOINT POWERS~~**  
 110.14 **BOARD CITY OF WORTHINGTON.**

110.15 (a) ~~The Lewis and Clark Joint Powers Board~~ The city of Worthington is eligible to  
 110.16 receive an aid distribution under this section equal to (1) the principal and interest payable  
 110.17 in the succeeding calendar year for bonds issued under section 469.194 minus ~~the sum of~~  
 110.18 ~~(2) the combined adjusted net tax capacity of Rock County and Nobles County for the~~  
 110.19 ~~assessment year prior to the aid payable year multiplied by 1.5 percent and (3) 50 percent~~  
 110.20 ~~of any federal aid received to fund the project in the calendar year~~ the total local share. For  
 110.21 purposes of this section, the "total local share" is as follows: the city of Worthington shall  
 110.22 pay \$300,000, the city of Luverne shall pay \$100,000, Rock County shall pay \$50,000, and  
 110.23 Nobles County shall pay \$50,000. Each municipality other than the city of Worthington  
 110.24 shall pay the amount indicated to the city of Worthington by July 1 of the year following  
 110.25 the year in which the bonds were issued and in each year thereafter until all principal  
 110.26 and interest has been paid. If a jurisdiction fails to pay the amount as indicated, the aid  
 110.27 reductions for that municipality under section 477A.21 shall be made. The commissioner  
 110.28 of revenue shall add the amount of any aid reduction to the aid distribution under this  
 110.29 section. The ~~Board~~ city of Worthington shall certify to the commissioner of revenue ~~any~~  
 110.30 ~~federal aid allocated to the project for the calendar year and the principal and interest due~~  
 110.31 ~~in the succeeding calendar year by June 1 of the aid payable year. The commissioner of~~  
 110.32 ~~revenue shall calculate the aid payable under this section and certify the amount payable~~  
 110.33 ~~before July 1 of the aid distribution year. The commissioner shall pay the aid under this~~  
 110.34 ~~section to the board city of Worthington at the times specified for payments of local~~

111.1 government aid in section 477A.015. An amount sufficient to pay the state aid authorized  
 111.2 under this section is annually appropriated to the commissioner from the general fund.

111.3 ~~(b) The board must allocate the aid to the municipalities issuing bonds under section  
 111.4 469.194 in proportion to their principal and interest payments.~~

111.5 ~~(c) If the deduction under paragraph (a), clause (3), eliminates the aid payment  
 111.6 under this section in a calendar year, then the excess of the deduction must be carried  
 111.7 over and used to reduce the principal and interest in the succeeding year or years used to  
 111.8 calculate aid under paragraph (a).~~

111.9 ~~(d) If federal grants and aid received for the project, not deducted under paragraph  
 111.10 (a), clause (3), exceed the total debt service payments for bonds issued under section  
 111.11 469.194, other than payments made with state aid under this section, the joint powers  
 111.12 board must repay any excess to the commissioner of revenue for deposit in the general  
 111.13 fund. The repayment may not exceed the sum of state aid payments under this section and  
 111.14 any other grants made by the state for the project.~~

111.15 ~~(e) (b)~~ This section expires at the earlier of January 1, 2039, or when the bonds  
 111.16 authorized under section 469.194 have been paid or defeased.

111.17 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

111.18 Sec. 16. **[477A.21] AID REDUCTIONS.**

111.19 If a municipality fails to pay the amount indicated in section 477A.20, paragraph (a),  
 111.20 the following aid reduction for that municipality must be made for that year:

111.21 (1) for the city of Luverne, the aid payable under section 477A.013, subdivision  
 111.22 9, shall be reduced by \$100,000;

111.23 (2) for Rock County, the aid payable under section 477A.0124, subdivision 3, shall  
 111.24 be reduced by \$50,000; and

111.25 (3) for Nobles County, the aid payable under section 477A.0124, subdivision 3, shall  
 111.26 be reduced by \$50,000.

111.27 The amount of the aid reductions under this section shall cancel to the general fund.

111.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

111.29 Sec. 17. Laws 2001, First Special Session chapter 5, article 3, section 86, is amended  
 111.30 to read:

111.31 Sec. 86. **RED RIVER WATERSHED MANAGEMENT BOARD; PAYMENT**  
 111.32 **IN LIEU OF TAXES.**

112.1 (a) The Red River watershed management board may spend money from its general  
 112.2 fund to compensate counties and townships for lost tax revenue from land that becomes  
 112.3 tax exempt after it is acquired by the board or a member watershed district for flood  
 112.4 damage reduction project. The amount that may be paid under this section to a county  
 112.5 or township must not exceed the tax that was payable to that taxing jurisdiction on the  
 112.6 land in the last taxes payable year before the land became exempt due to the acquisition,  
 112.7 not to exceed \$4 ~~\$5.133~~ per acre, multiplied by 20. This total amount may be paid in one  
 112.8 payment, or in equal annual installments over a period that does not exceed 20 years. A  
 112.9 member watershed district of the Red River management board may spend money from its  
 112.10 construction fund for the purposes described in this section.

112.11 (b) For the purposes of this section, "Red River watershed management board"  
 112.12 refers to the board established by Laws 1976, chapter 162, section 1, as amended by Laws  
 112.13 1982, chapter 474, section 1, Laws 1983, chapter 338, section 1, Laws 1989 First Special  
 112.14 Session chapter 1, article 5, section 45, Laws 1991, chapter 167, section 1, and Laws  
 112.15 1998, chapter 389, article 3, section 29.

112.16 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
 112.17 2015 and thereafter.

112.18 Sec. 18. **2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

112.19 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of  
 112.20 Oslo shall receive the portion of its aid payment for calendar year 2013 under Minnesota  
 112.21 Statutes, section 477A.013, that was withheld under Minnesota Statutes, section  
 112.22 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner  
 112.23 of revenue that it received audited financial statements from the city for calendar year  
 112.24 2012 by December 31, 2013. The commissioner of revenue shall make a payment of  
 112.25 \$37,473.50 with the first payment of aids under Minnesota Statutes, section 477A.015.  
 112.26 \$37,473.50 is appropriated from the general fund to the commissioner of revenue in fiscal  
 112.27 year 2016 to make this payment.

112.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

112.29 Sec. 19. **2014 AID PENALTY FORGIVENESS.**

112.30 (a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities  
 112.31 of Dundee, Jeffers, and Woodstock shall receive all of its calendar year 2014 aid payment  
 112.32 that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided  
 112.33 that the state auditor certifies to the commissioner of revenue that the city complied with

113.1 all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for  
 113.2 calendar years 2013 and 2014 by June 1, 2015.

113.3 (b) The commissioner of revenue shall make payment to each city no later than June  
 113.4 30, 2015. Up to \$101,570 of the fiscal year 2015 appropriation for local government aid is  
 113.5 available for the payment under this section.

113.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 113.7 **ARTICLE 6**

### 113.8 **WORKFORCE HOUSING**

113.9 Section 1. **[116J.549] WORKFORCE HOUSING TAX CREDIT.**

113.10 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms  
 113.11 have the meanings given.

113.12 (b) "City" means a statutory or home rule charter city.

113.13 (c) "Eligible project area" means an area that meets the following criteria:

113.14 (1) a census block with a population density over 200 persons per square mile

113.15 according to the most recent United States census data available;

113.16 (2) located in a city with a population greater than 1,500;

113.17 (3) having a median number of full-time jobs of at least 500 for the last five years;

113.18 (4) the average vacancy rate for rental housing located in the municipality and in

113.19 any statutory or home rule charter city located within 15 miles or less of the boundaries

113.20 of the municipality has been four percent or less for at least the immediately preceding

113.21 two-year period;

113.22 (5) located in an area served by a joint county-city economic development authority

113.23 or located in an area outside the following counties: Anoka, Benton, Carver, Chisago,

113.24 Dakota, Hennepin, Isanti, Olmsted, Ramsey, Scott, Sherburne, Stearns, Washington,

113.25 and Wright; and

113.26 (6) fewer than four market rate residential rental units per 1,000 residents were

113.27 constructed in the city in the last ten years without government financing, grants, or other

113.28 subsidies, other than subsidies under this section or section 469.175, subdivision 3.

113.29 (d) "Joint county-city economic development authority" means an economic

113.30 development authority, formed under Laws 1988, chapter 516, section 1, as a joint

113.31 partnership between a city and county and excluding those established by the county only.

113.32 (e) "Market rate residential rental properties" means properties that are rented at

113.33 market value and excludes: (1) properties constructed with financial assistance requiring

113.34 the property to be occupied by residents that meet income limits under federal or state

114.1 law of initial occupancy; and (2) properties constructed with federal, state, or local flood  
114.2 recovery assistance, regardless of whether that assistance imposed income limits as a  
114.3 condition of receiving assistance.

114.4 (f) "Officer" means a person elected or appointed by the board of directors to  
114.5 manage the daily operations of a business.

114.6 (g) "Principal" means a person having authority to act on behalf of a business.

114.7 (h) "Qualified investment" means a cash investment or the fair market value  
114.8 equivalent for common stock, land, a partnership or membership interest, preferred  
114.9 stock, debt with mandatory conversion to equity, or an equivalent ownership interest as  
114.10 determined by the commissioner that is made in a qualified workforce housing project.

114.11 (i) "Qualified project investor" means an investor who has been certified by the  
114.12 commissioner under subdivision 2.

114.13 (j) "Qualifying workforce housing project" means a project:

114.14 (1) for market rate residential rental properties with a minimum of three dwelling  
114.15 units;

114.16 (2) with a cost per unit of no more than \$150,000 and no less than \$75,000;

114.17 (3) located in an eligible project area;

114.18 (4) that has more than 50 percent nonstate funding proposed to fund the project; and

114.19 (5) that has been designated by the commissioner as a qualifying workforce housing  
114.20 project.

114.21 Subd. 2. **Qualified project investor tax credits.** (a) A credit of up to \$1,000,000 is  
114.22 allowed against the tax imposed under chapter 290 for a taxpayer that makes a qualified  
114.23 investment in a qualified workforce housing project equal to 33 percent of the amount of  
114.24 the qualified investment.

114.25 (b) The credit under this subdivision is allowed in the taxable year that the qualified  
114.26 workforce housing project has housing units that are certified for occupancy by the  
114.27 Department of Labor and Industry or a city inspector.

114.28 (c) The commissioner must not allocate more than \$5,000,000 in credits to qualified  
114.29 project investors for taxable years beginning after December 31, 2015, and before January  
114.30 1, 2017, and must not allocate more than \$7,000,000 in credits to qualified project  
114.31 investors for taxable years beginning after December 31, 2016, and before January 1,  
114.32 2022. The commissioner must not allocate more than 33 percent of qualified project  
114.33 investor tax credits to the same qualified workforce housing project.

114.34 (d) Applications for tax credits for a taxable year must be made available by  
114.35 the commissioner by November 1 of the prior calendar year. The commissioner must  
114.36 make every effort to provide applications and relevant data to applicants in a simple,

115.1 concise manner using plain language. Tax credits must be allocated to qualified project  
115.2 investors in the order that the tax credit request applications are filed, except where  
115.3 the commissioner determines the investment is circumventing the spirit of the law or  
115.4 where little or no local economic growth would occur as a result of the investment. The  
115.5 commissioner must approve or reject a tax credit request application within 15 days of  
115.6 receiving the application. The investment specified in the application must be made within  
115.7 60 days of the allocation of the credit. If the investment is not made within 60 days, the  
115.8 credit allocation is canceled. A qualified project investor who fails to invest as specified in  
115.9 the application must notify the commissioner immediately and no later than five business  
115.10 days after the expiration of the 60-day investment period. The commissioner may require  
115.11 an application fee for the applications submitted under this subdivision.

115.12 (e) All tax credit request applications filed with the department on the same day  
115.13 must be treated as having been filed contemporaneously. If two or more qualified project  
115.14 investors file tax credit request applications on the same day, and the aggregate amount of  
115.15 credit allocation claims exceeds the aggregate limit of credits under this section or the lesser  
115.16 amount of credits that remain unallocated on that day, then the credits must be allocated  
115.17 among the qualified project investors who filed on that day on a pro rata basis with respect  
115.18 to the amounts claimed. The pro rata allocation for any one qualified project investor is the  
115.19 product obtained by multiplying a fraction, the numerator of which is the amount of the  
115.20 credit allocation claim filed on behalf of a qualified project investor and the denominator  
115.21 of which is the total of all credit allocation claims filed on behalf of all applicants on that  
115.22 day, by the amount of credits that remain unallocated on that day for the taxable year.

115.23 (f) If a credit allocation has been granted to the qualified project investor and the  
115.24 qualified project investor has made the investment specified in the application as required  
115.25 under paragraph (d), the commissioner must issue a credit certificate to the taxpayer  
115.26 designated in the application. The credit certificate must state the amount of the credit.  
115.27 The commissioner must notify the commissioner of revenue of credit certificates issued  
115.28 under this subdivision.

115.29 (g) The commissioner of revenue shall prescribe the manner in which the credit  
115.30 may be issued or claimed.

115.31 Subd. 3. **Transfer and revocation of credits.** (a) A tax credit under this section  
115.32 is not transferable to any other taxpayer. Credits passed through to partners, members,  
115.33 shareholders, or owners are not considered transfers for purposes of this subdivision.

115.34 (b) If the commissioner discovers that a qualified project investor did not meet the  
115.35 eligibility requirements for the tax credits under this section after the credits have been  
115.36 allocated, the commissioner may determine that credit allocated is revoked and must be

116.1 repaid by the investor. The commissioner must notify the commissioner of revenue of  
 116.2 every credit revoked and subject to full or partial repayment under this section.

116.3 Subd. 4. **Reporting.** Beginning in 2017, the commissioner must annually report  
 116.4 by March 15 to the chairs and ranking minority members of the committees in the senate  
 116.5 and house of representatives with jurisdiction over taxes and economic development, in  
 116.6 compliance with sections 3.195 and 3.197, on tax credits issued under this section. The  
 116.7 report must include:

116.8 (1) information about the availability of workforce housing in greater Minnesota;

116.9 (2) information from employers and communities in greater Minnesota about

116.10 whether or not workforce housing needs are being met;

116.11 (3) which projects have been funded by the workforce housing tax credit and

116.12 whether previously funded projects have created economic growth;

116.13 (4) any suggested legislation to accelerate construction of workforce housing;

116.14 (5) the number and amount of tax credits issued and the identity of the recipients;

116.15 (6) the number and amount of tax credits revoked under subdivision 3;

116.16 (7) the location, total cost of, and expected rent to be received as a result of

116.17 qualifying workforce housing projects funded under this section; and

116.18 (8) any other relevant information needed to evaluate the effect of the workforce

116.19 housing tax credits.

116.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after

116.21 December 31, 2015.

116.22 Sec. 2. Minnesota Statutes 2014, section 290.06, is amended by adding a subdivision  
 116.23 to read:

116.24 Subd. 38. **Workforce housing tax credit.** (a) A taxpayer is allowed a credit against  
 116.25 the tax under this chapter equal to the amount certified by the commissioner of employment  
 116.26 and economic development under section 116J.549 to the taxpayer for the taxable year.

116.27 (b) Credits allowed to a partnership, limited liability company taxed as a partnership,  
 116.28 corporation, or multiple owners of property are passed through to the partners, members,  
 116.29 shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or  
 116.30 owner based on that person's share of the entity's income for the taxable year.

116.31 (c) If the amount of the credit that the taxpayer is eligible to receive under this  
 116.32 subdivision exceeds the liability for tax under this chapter, the commissioner shall  
 116.33 refund the excess to the taxpayer. For purposes of this subdivision, "liability for tax"  
 116.34 means the tax imposed under this chapter for the taxable year reduced by the sum of the  
 116.35 nonrefundable credits allowed under this chapter.

117.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 117.2 December 31, 2015.

117.3 Sec. 3. Minnesota Statutes 2014, section 469.174, subdivision 12, is amended to read:

117.4 Subd. 12. **Economic development district.** "Economic development district"  
 117.5 means a type of tax increment financing district which consists of any project, or portions  
 117.6 of a project, which the authority finds to be in the public interest because:

117.7 (1) it will discourage commerce, industry, or manufacturing from moving their  
 117.8 operations to another state or municipality; ~~or~~

117.9 (2) it will result in increased employment in the state; ~~or~~

117.10 (3) it will result in preservation and enhancement of the tax base of the state; or

117.11 (4) it satisfies the requirements of a workforce housing project under section

117.12 469.176, subdivision 4c, paragraph (d).

117.13 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
 117.14 certification is made after June 30, 2015.

117.15 Sec. 4. Minnesota Statutes 2014, section 469.175, subdivision 3, is amended to read:

117.16 Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original  
 117.17 net tax capacity of a tax increment financing district until the tax increment financing plan  
 117.18 proposed for that district has been approved by the municipality in which the district  
 117.19 is located. If an authority that proposes to establish a tax increment financing district  
 117.20 and the municipality are not the same, the authority shall apply to the municipality in  
 117.21 which the district is proposed to be located and shall obtain the approval of its tax  
 117.22 increment financing plan by the municipality before the authority may use tax increment  
 117.23 financing. The municipality shall approve the tax increment financing plan only after a  
 117.24 public hearing thereon after published notice in a newspaper of general circulation in the  
 117.25 municipality at least once not less than ten days nor more than 30 days prior to the date  
 117.26 of the hearing. The published notice must include a map of the area of the district from  
 117.27 which increments may be collected and, if the project area includes additional area, a map  
 117.28 of the project area in which the increments may be expended. The hearing may be held  
 117.29 before or after the approval or creation of the project or it may be held in conjunction with  
 117.30 a hearing to approve the project.

117.31 (b) Before or at the time of approval of the tax increment financing plan, the  
 117.32 municipality shall make the following findings, and shall set forth in writing the reasons  
 117.33 and supporting facts for each determination:

118.1 (1) that the proposed tax increment financing district is a redevelopment district, a  
118.2 renewal or renovation district, a housing district, a soils condition district, or an economic  
118.3 development district; if the proposed district is a redevelopment district or a renewal or  
118.4 renovation district, the reasons and supporting facts for the determination that the district  
118.5 meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or  
118.6 subdivision 10a, must be documented in writing and retained and made available to the  
118.7 public by the authority until the district has been terminated;

118.8 (2) that, in the opinion of the municipality:

118.9 (i) the proposed development or redevelopment would not reasonably be expected to  
118.10 occur solely through private investment within the reasonably foreseeable future; and

118.11 (ii) the increased market value of the site that could reasonably be expected to occur  
118.12 without the use of tax increment financing would be less than the increase in the market  
118.13 value estimated to result from the proposed development after subtracting the present  
118.14 value of the projected tax increments for the maximum duration of the district permitted  
118.15 by the plan. The requirements of this item do not apply if the district is a housing district;

118.16 (3) that the tax increment financing plan conforms to the general plan for the  
118.17 development or redevelopment of the municipality as a whole;

118.18 (4) that the tax increment financing plan will afford maximum opportunity,  
118.19 consistent with the sound needs of the municipality as a whole, for the development or  
118.20 redevelopment of the project by private enterprise;

118.21 (5) that the municipality elects the method of tax increment computation set forth in  
118.22 section 469.177, subdivision 3, paragraph (b), if applicable.

118.23 (c) When the municipality and the authority are not the same, the municipality shall  
118.24 approve or disapprove the tax increment financing plan within 60 days of submission by the  
118.25 authority. When the municipality and the authority are not the same, the municipality may  
118.26 not amend or modify a tax increment financing plan except as proposed by the authority  
118.27 pursuant to subdivision 4. Once approved, the determination of the authority to undertake  
118.28 the project through the use of tax increment financing and the resolution of the governing  
118.29 body shall be conclusive of the findings therein and of the public need for the financing.

118.30 (d) For a district that is subject to the requirements of paragraph (b), clause (2),  
118.31 item (ii), the municipality's statement of reasons and supporting facts must include all of  
118.32 the following:

118.33 (1) an estimate of the amount by which the market value of the site will increase  
118.34 without the use of tax increment financing;

118.35 (2) an estimate of the increase in the market value that will result from the  
118.36 development or redevelopment to be assisted with tax increment financing; and

119.1 (3) the present value of the projected tax increments for the maximum duration of  
119.2 the district permitted by the tax increment financing plan.

119.3 (e) For purposes of this subdivision, "site" means the parcels on which the  
119.4 development or redevelopment to be assisted with tax increment financing will be located.

119.5 (f) Before or at the time of approval of the tax increment financing plan for a district  
119.6 to be used to fund a workforce housing project under section 469.176, subdivision 4c,  
119.7 paragraph (d), the municipality shall make the following findings and shall set forth in  
119.8 writing the reasons and supporting facts for each determination:

119.9 (1) the city has a population greater than 1,500;

119.10 (2) having a median number of full-time jobs of at least 500 for the last five years;

119.11 (3) located in a census block with a population density over 200 persons per square  
119.12 mile, according to the most recent United States census data available;

119.13 (4) located in an area served by a joint county-city economic development authority  
119.14 or outside the following counties: Anoka, Benton, Carver, Chisago, Dakota, Hennepin,  
119.15 Isanti, Olmsted, Ramsey, Scott, Sherburne, Stearns, Washington, and Wright;

119.16 (5) the average vacancy rate for rental housing located in the municipality, and in  
119.17 any statutory or home rule charter city located within 15 miles or less of the boundaries  
119.18 of the municipality, has been four percent or less for at least the immediately preceding  
119.19 two-year period;

119.20 (6) at least one business located in the municipality, or within 15 miles of the  
119.21 municipality, that employs a minimum of 20 full-time equivalent employees in aggregate  
119.22 has provided a written statement to the municipality indicating that the lack of available  
119.23 rental housing has impeded their ability to recruit and hire employees;

119.24 (7) fewer than four market rate residential rental units per 1,000 residents were  
119.25 constructed in the city in the last ten years without government financing, grants, or other  
119.26 subsidies, other than subsidies under this section; and

119.27 (8) the municipality and the development authority intend to use increments from  
119.28 the district for the development of market rate residential rental properties and includes  
119.29 new modular homes or new manufactured homes, new manufactured homes on leased  
119.30 land, or in a manufacturer's home park to serve employees or businesses located in the  
119.31 municipality or surrounding area.

119.32 For purposes of this section: (1) "joint county-city economic development authority"  
119.33 means an economic development authority, formed under Laws 1988, chapter 516, section  
119.34 1, as a joint partnership between a city and county and excluding those established by the  
119.35 county only; and (2) "market rate residential rental properties" means properties that are  
119.36 rented at market value and excludes: (i) properties constructed with financial assistance

120.1 requiring the property to be occupied by residents that meet income limits under federal or  
 120.2 state law of initial occupancy; and (ii) properties constructed with federal, state, or local  
 120.3 flood recovery assistance, regardless of whether that assistance imposed income limits as a  
 120.4 condition of receiving assistance.

120.5 The authority to request certification of districts under this section expires June  
 120.6 30, 2020.

120.7 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
 120.8 certification is made after June 30, 2015.

120.9 Sec. 5. Minnesota Statutes 2014, section 469.176, subdivision 4c, is amended to read:

120.10 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment  
 120.11 from an economic development district may not be used to provide improvements, loans,  
 120.12 subsidies, grants, interest rate subsidies, or assistance in any form to developments  
 120.13 consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and  
 120.14 facilities (determined on the basis of square footage) are used for a purpose other than:

120.15 (1) the manufacturing or production of tangible personal property, including  
 120.16 processing resulting in the change in condition of the property;

120.17 (2) warehousing, storage, and distribution of tangible personal property, excluding  
 120.18 retail sales;

120.19 (3) research and development related to the activities listed in clause (1) or (2);

120.20 (4) telemarketing if that activity is the exclusive use of the property;

120.21 (5) tourism facilities; ~~or~~

120.22 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

120.23 (7) a workforce housing project that satisfies the requirements of paragraph (d).

120.24 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
 120.25 increment from an economic development district may be used to provide improvements,  
 120.26 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
 120.27 square feet of any separately owned commercial facility located within the municipal  
 120.28 jurisdiction of a small city, if the revenues derived from increments are spent only to  
 120.29 assist the facility directly or for administrative expenses, the assistance is necessary to  
 120.30 develop the facility, and all of the increments, except those for administrative expenses,  
 120.31 are spent only for activities within the district.

120.32 (c) A city is a small city for purposes of this subdivision if the city was a small city  
 120.33 in the year in which the request for certification was made and applies for the rest of  
 120.34 the duration of the district, regardless of whether the city qualifies or ceases to qualify  
 120.35 as a small city.

121.1 (d) A project qualifies as a workforce housing project under this subdivision if  
 121.2 increments from the district are used exclusively to assist in the acquisition of property;  
 121.3 construction of improvements; and provision of loans or subsidies, grants, interest  
 121.4 rate subsidies, public infrastructure, and related financing costs for rental housing  
 121.5 developments in the municipality, and if the governing body of the municipality made the  
 121.6 findings for the project required by section 469.175, subdivision 3, paragraph (f).

121.7 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
 121.8 certification is made after June 30, 2015.

121.9 Sec. 6. Minnesota Statutes 2014, section 469.1761, is amended by adding a subdivision  
 121.10 to read:

121.11 Subd. 5. **Income limits; Minnesota Housing Finance Agency challenge program.**  
 121.12 For a project receiving a loan or grant from the Minnesota Housing Finance Agency  
 121.13 challenge program under section 462A.33, the income limits under section 462A.33 are  
 121.14 substituted for the applicable income limits under subdivision 2 or 3 for the project.

121.15 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
 121.16 certification is made after June 30, 2015.

## 121.17 **ARTICLE 7**

### 121.18 **MINERALS**

121.19 Section 1. Minnesota Statutes 2014, section 298.17, is amended to read:

#### 121.20 **298.17 OCCUPATION TAXES TO BE APPORTIONED.**

121.21 (a) All occupation taxes paid by persons, copartnerships, companies, joint stock  
 121.22 companies, corporations, and associations, however or for whatever purpose organized,  
 121.23 engaged in the business of mining or producing iron ore or other ores, when collected  
 121.24 shall be apportioned and distributed in accordance with the Constitution of the state of  
 121.25 Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited  
 121.26 in the state treasury and credited to the general fund of which four-ninths shall be used  
 121.27 for the support of elementary and secondary schools; and ten percent of the proceeds of  
 121.28 the tax imposed by this section shall be deposited in the state treasury and credited to the  
 121.29 general fund for the general support of the university.

121.30 (b) Of the money apportioned to the general fund by this section: (1) there  
 121.31 is annually appropriated and credited to the mining environmental and regulatory  
 121.32 account in the special revenue fund an amount equal to the greater of \$1,500,000 or

122.1 that which would have been generated by a 2-1/2 cent tax imposed by section 298.24  
122.2 on each taxable ton produced in the preceding calendar year. Money in the mining  
122.3 environmental and regulatory account is appropriated annually to the commissioner of  
122.4 natural resources to fund agency staff to work on environmental issues and provide  
122.5 regulatory services for ferrous and nonferrous mining operations in this state. Payment to  
122.6 the mining environmental and regulatory account shall be made ~~by~~ on July 1 annually.  
122.7 The commissioner of natural resources shall execute an interagency agreement with  
122.8 the Pollution Control Agency to assist with the provision of environmental regulatory  
122.9 services such as monitoring and permitting required for ferrous and nonferrous mining  
122.10 operations; (2) there is annually appropriated and credited to the Iron Range Resources and  
122.11 Rehabilitation Board account in the special revenue fund an amount equal to that which  
122.12 would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable  
122.13 ton produced in the preceding calendar year, to be expended for the purposes of section  
122.14 298.22; ~~and~~ (3) there is annually appropriated and credited to the Iron Range Resources  
122.15 and Rehabilitation Board account in the special revenue fund for transfer to the Iron Range  
122.16 school consolidation and cooperatively operated school account under section 298.28,  
122.17 subdivision 7a, an amount equal to that which would have been generated by a six cent tax  
122.18 imposed by section 298.24 on each taxable ton produced in the preceding calendar year.  
122.19 Payment to the Iron Range Resources and Rehabilitation Board account shall be made ~~by~~  
122.20 ~~May 15~~ on July 1 annually; and (4) there is annually appropriated and credited to the Iron  
122.21 Range Resources and Rehabilitation Board account in the special revenue fund for transfer  
122.22 to the energy efficiency and mining protection account under section 298.227, paragraph  
122.23 (d), an amount equal to that which would have been generated by a 15 cent tax imposed  
122.24 by section 298.24 on each taxable ton produced in the preceding year. Payment to the Iron  
122.25 Range Resources and Rehabilitation Board account shall be made on July 1 annually.  
122.26 (c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i)  
122.27 to provide environmental development grants to local governments located within any  
122.28 county in region 3 as defined in governor's executive order number 60, issued on June  
122.29 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134,  
122.30 paragraph (b), or (ii) to provide economic development loans or grants to businesses  
122.31 located within any such county, provided that the county board or an advisory group  
122.32 appointed by the county board to provide recommendations on economic development  
122.33 shall make recommendations to the Iron Range Resources and Rehabilitation Board  
122.34 regarding the loans. Payment to the Iron Range Resources and Rehabilitation Board  
122.35 account shall be made ~~by May 15~~ on July 1 annually.

123.1 (d) Of the money allocated to Koochiching County, one-third must be paid to the  
123.2 Koochiching County Economic Development Commission.

123.3 **EFFECTIVE DATE.** This section is effective beginning with the 2015 production  
123.4 year.

123.5 Sec. 2. Minnesota Statutes 2014, section 298.227, is amended to read:

123.6 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

123.7 (a) An amount equal to that distributed pursuant to each taconite producer's taxable  
123.8 production and qualifying sales under section 298.28, subdivision 9a, shall be held by  
123.9 the Iron Range Resources and Rehabilitation Board in a separate taconite economic  
123.10 development fund for each taconite and direct reduced ore producer. Money from the  
123.11 fund for each producer shall be released by the commissioner after review by a joint  
123.12 committee consisting of an equal number of representatives of the salaried employees and  
123.13 the nonsalaried production and maintenance employees of that producer. The District 11  
123.14 director of the United States Steelworkers of America, on advice of each local employee  
123.15 president, shall select the employee members. In nonorganized operations, the employee  
123.16 committee shall be elected by the nonsalaried production and maintenance employees.  
123.17 The review must be completed no later than six months after the producer presents a  
123.18 proposal for expenditure of the funds to the committee. The funds held pursuant to this  
123.19 section may be released only for workforce development and associated public facility  
123.20 improvement, or for acquisition of plant and stationary mining equipment and facilities  
123.21 for the producer or for research and development in Minnesota on new mining, or  
123.22 taconite, iron, or steel production technology, but only if the producer provides a matching  
123.23 expenditure equal to the amount of the distribution to be used for the same purpose  
123.24 beginning with distributions in 2014. Effective for proposals for expenditures of money  
123.25 from the fund beginning May 26, 2007, the commissioner may not release the funds  
123.26 before the next scheduled meeting of the board. If a proposed expenditure is not approved  
123.27 by the board, the funds must be deposited in the Taconite Environmental Protection Fund  
123.28 under sections 298.222 to 298.225. If a producer uses money which has been released  
123.29 from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or  
123.30 mining shovels, and the producer removes the piece of equipment from the taconite tax  
123.31 relief area defined in section 273.134 within ten years from the date of receipt of the  
123.32 money from the fund, a portion of the money granted from the fund must be repaid to  
123.33 the taconite economic development fund. The portion of the money to be repaid is 100  
123.34 percent of the grant if the equipment is removed from the taconite tax relief area within 12

124.1 months after receipt of the money from the fund, declining by ten percent for each of the  
124.2 subsequent nine years during which the equipment remains within the taconite tax relief  
124.3 area. If a taconite production facility is sold after operations at the facility had ceased, any  
124.4 money remaining in the fund for the former producer may be released to the purchaser of  
124.5 the facility on the terms otherwise applicable to the former producer under this section. If  
124.6 a producer fails to provide matching funds for a proposed expenditure within six months  
124.7 after the commissioner approves release of the funds, the funds are available for release to  
124.8 another producer in proportion to the distribution provided and under the conditions of  
124.9 this section. Any portion of the fund which is not released by the commissioner within  
124.10 one year of its deposit in the fund shall be divided between the taconite environmental  
124.11 protection fund created in section 298.223 and the Douglas J. Johnson economic protection  
124.12 trust fund created in section 298.292 for placement in their respective special accounts.  
124.13 Two-thirds of the unreleased funds shall be distributed to the taconite environmental  
124.14 protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

124.15 (b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of  
124.16 distributions and the review process, an amount equal to ten cents per taxable ton of  
124.17 production in 2007, for distribution in 2008 only, that would otherwise be distributed  
124.18 under paragraph (a), may be used for a loan or grant for the cost of providing for a  
124.19 value-added wood product facility located in the taconite tax relief area and in a county  
124.20 that contains a city of the first class. This amount must be deducted from the distribution  
124.21 under paragraph (a) for which a matching expenditure by the producer is not required. The  
124.22 granting of the loan or grant is subject to approval by the board. If the money is provided  
124.23 as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213,  
124.24 subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the  
124.25 taconite environment protection fund under sections 298.222 to 298.225. If a loan or  
124.26 grant is not made under this paragraph by July 1, 2012, the amount that had been made  
124.27 available for the loan under this paragraph must be transferred to the taconite environment  
124.28 protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the  
124.29 fund established under this section that exceeds ten cents per ton is available to qualifying  
124.30 producers under paragraph (a) on a pro rata basis.

124.31 (c) Repayment or transfer of money to the taconite environmental protection fund  
124.32 under paragraph (b), item (ii), must be allocated by the Iron Range Resources and  
124.33 Rehabilitation Board for public works projects in house legislative districts in the same  
124.34 proportion as taxable tonnage of production in 2007 in each house legislative district, for  
124.35 distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution  
124.36 in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph

125.1 do not require approval by the governor. For purposes of this paragraph, "house legislative  
125.2 districts" means the legislative districts in existence on May 15, 2009.

125.3 (d) An amount equal to that determined under section 298.17, paragraph (b),  
125.4 clause (4), shall be held by the Iron Range Resources and Rehabilitation Board in a  
125.5 separate energy efficiency and mining protection account within the taconite economic  
125.6 development fund that is hereby created for taconite and direct reduced ore producers.  
125.7 Funds from the account shall be released annually by the Iron Range Resources and  
125.8 Rehabilitation Board to each producer in direct proportion to the amount of the tax paid by  
125.9 that producer in the preceding year under section 298.01, as compared to the total amount  
125.10 of tax paid under section 298.01 in the preceding year by all producers, provided that a  
125.11 producer shall not be eligible for a distribution in amount greater than the amount of the  
125.12 tax paid in the preceding year. No expenditure under this section shall be paid unless  
125.13 approved by seven members of the Iron Range Resources and Rehabilitation Board.

125.14 Notwithstanding any other law to the contrary, any amount allocated to the energy  
125.15 efficiency and mining protection account does not cancel nor is eligible for transfer to  
125.16 another account or fund.

125.17 **EFFECTIVE DATE.** This section is effective beginning with the 2015 production  
125.18 year.

125.19 Sec. 3. Minnesota Statutes 2014, section 298.24, subdivision 1, is amended to read:

125.20 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is  
125.21 imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof,  
125.22 and upon the production of iron ore concentrate therefrom, and upon the concentrate so  
125.23 produced, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced  
125.24 therefrom. The tax is also imposed upon other iron-bearing material.

125.25 (b) For concentrates produced in 2014 and subsequent years, the tax rate shall be  
125.26 equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate  
125.27 multiplied by the percentage increase in the implicit price deflator from the fourth quarter  
125.28 of the second preceding year to the fourth quarter of the preceding year. "Implicit price  
125.29 deflator" means the implicit price deflator for the gross domestic product prepared by the  
125.30 Bureau of Economic Analysis of the United States Department of Commerce.

125.31 (c) An additional tax is imposed equal to three cents per gross ton of merchantable  
125.32 iron ore concentrate for each one percent that the iron content of the product exceeds 72  
125.33 percent, when dried at 212 degrees Fahrenheit.

125.34 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
125.35 production for the current year and the previous two years. The rate of the tax imposed

126.1 will be the current year's tax rate. This clause shall not apply in the case of the closing  
126.2 of a taconite facility if the property taxes on the facility would be higher if this clause  
126.3 and section 298.25 were not applicable. The tax on other iron-bearing material shall be  
126.4 imposed on the current year production.

126.5 (e) If the tax or any part of the tax imposed by this subdivision is held to be  
126.6 unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate  
126.7 produced shall be imposed.

126.8 (f) Consistent with the intent of this subdivision to impose a tax based upon the  
126.9 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
126.10 determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
126.11 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic  
126.12 flux additives included in the pellets from the weight of the pellets. For purposes of this  
126.13 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,  
126.14 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.  
126.15 No subtraction from the weight of the pellets shall be allowed for binders, mineral and  
126.16 chemical additives other than basic flux additives, or moisture.

126.17 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years  
126.18 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
126.19 tax is imposed under this section. As used in this paragraph, "commercial production" is  
126.20 production of more than 50,000 tons of direct reduced ore in the current year or in any prior  
126.21 year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore  
126.22 in any year, and "direct reduced ore" is ore that results in a product that has an iron content  
126.23 of at least 75 percent. For the third year of a plant's commercial production of direct  
126.24 reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise  
126.25 determined under this subdivision. For the fourth commercial production year, the rate is  
126.26 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial  
126.27 production year, the rate is 75 percent of the rate otherwise determined under this  
126.28 subdivision; and for all subsequent commercial production years, the full rate is imposed.

126.29 (2) Subject to clause (1), production of direct reduced ore in this state is subject to  
126.30 the tax imposed by this section, but if that production is not produced by a producer of  
126.31 taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron  
126.32 sulfides, or other iron-bearing material, that is consumed in the production of direct  
126.33 reduced iron in this state is not subject to the tax imposed by this section on taconite,  
126.34 iron sulfides, or other iron-bearing material.

126.35 (3) Notwithstanding any other provision of this subdivision, no tax is imposed  
126.36 on direct reduced ore under this section during the facility's noncommercial production

127.1 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial  
127.2 production of direct reduced ore is subject to the tax imposed by this section on taconite  
127.3 and iron sulphides. Three-year average production of direct reduced ore does not  
127.4 include production of direct reduced ore in any noncommercial year. Three-year average  
127.5 production for a direct reduced ore facility that has noncommercial production is the  
127.6 average of the commercial production of direct reduced ore for the current year and the  
127.7 previous two commercial years.

127.8 (4) This paragraph applies only to plants for which all environmental permits have  
127.9 been obtained and construction has begun before July 1, ~~2008~~ 2020.

127.10 **EFFECTIVE DATE.** This section is effective for taxes based on concentrate  
127.11 produced in 2015 and thereafter.

127.12 Sec. 4. Minnesota Statutes 2014, section 298.24, is amended by adding a subdivision  
127.13 to read:

127.14 Subd. 5. **TEDF; deposits redirected.** (a) For concentrates produced by a plant  
127.15 subject to a reimbursement agreement dated September 9, 2008, by and among Itasca  
127.16 County, Essar Global Limited, and Minnesota Steel Industries LLC, the provisions of  
127.17 sections 298.227 and 298.28, subdivision 9a, do not apply to the plant's production.

127.18 (b) All amounts not deposited in the taconite economic development fund as a  
127.19 result of paragraph (a) must be deposited in the Douglas J. Johnson economic protection  
127.20 trust fund created under section 298.292.

127.21 (c) The provisions of this subdivision expire upon certification by the commissioner  
127.22 of employment and economic development that all requirements of the reimbursement  
127.23 agreement, as specified in paragraph (a), are satisfied.

127.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

127.25 Sec. 5. Minnesota Statutes 2014, section 298.28, subdivision 3, is amended to read:

127.26 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed  
127.27 under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid  
127.28 account to be distributed as provided in section 298.282.

127.29 (b) An amount must be allocated to towns or cities that is annually certified by  
127.30 the county auditor of a county containing a taconite tax relief area as defined in section  
127.31 273.134, paragraph (b), within which there is (1) an organized township if, as of January  
127.32 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron

128.1 ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation  
 128.2 of the city consists of iron ore.

128.3 (c) The amount allocated under paragraph (b) will be the portion of a township's or  
 128.4 city's certified levy equal to the proportion of (1) the difference between 50 percent of  
 128.5 January 2, 1982, assessed value in the case of a township and 50 percent of the January 2,  
 128.6 1980, assessed value in the case of a city and its current assessed value to (2) the sum of  
 128.7 its current assessed value plus the difference determined in (1), provided that the amount  
 128.8 distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in  
 128.9 the case of a city. For purposes of this limitation, population will be determined according  
 128.10 to the 1980 decennial census conducted by the United States Bureau of the Census. If the  
 128.11 current assessed value of the township exceeds 50 percent of the township's January 2,  
 128.12 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the  
 128.13 city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this  
 128.14 paragraph, "assessed value," when used in reference to years other than 1980 or 1982,  
 128.15 means the appropriate net tax capacities multiplied by 10.2.

128.16 (d) In addition to other distributions under this subdivision, three cents per taxable  
 128.17 ton for distributions in 2009 must be allocated for distribution to (1) towns that are entirely  
 128.18 located within the taconite tax relief area defined in section 273.134, paragraph (b); and  
 128.19 (2) the following unorganized territories located in St. Louis County: 56-17; 58-22; 59-16;  
 128.20 59-21; 60-18; and 60-19. For distribution in 2010 through 2014 and for distribution in  
 128.21 2018 and subsequent years, the three-cent amount must be annually increased in the  
 128.22 same proportion as the increase in the implicit price deflator as provided in section  
 128.23 298.24, subdivision 1. The amount available under this paragraph will be to towns shall  
 128.24 be distributed to eligible towns on a per capita basis, provided that no town may receive  
 128.25 more than \$50,000 in any year under this paragraph. Any amount of the distribution that  
 128.26 exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on  
 128.27 a per capita basis among the other eligible towns, to whose distributions do not exceed  
 128.28 \$50,000. The amount available to unorganized territories in St. Louis County may be held  
 128.29 by the county and combined for public infrastructure projects.

128.30 **EFFECTIVE DATE.** This section is effective beginning with the 2015 production  
 128.31 year.

128.32 Sec. 6. Minnesota Statutes 2014, section 298.28, subdivision 7a, is amended to read:

128.33 Subd. 7a. **Iron Range school consolidation and cooperatively operated school**  
 128.34 **account.** The following amounts must be allocated to the Iron Range Resources and

129.1 Rehabilitation Board to be deposited in the Iron Range school consolidation and  
129.2 cooperatively operated school account that is hereby created:

129.3 (1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax  
129.4 imposed under section 298.24; and (ii) for distributions beginning in 2024, five cents per  
129.5 taxable ton of the tax imposed under section 298.24;

129.6 (2) the amount as determined under section 298.17, paragraph (b), clause (3);

129.7 (3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax  
129.8 proceeds attributable to the increase in the implicit price deflator as provided in section  
129.9 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J.  
129.10 Johnson economic protection trust fund;

129.11 (ii) for distributions in 2016, an amount equal to two-thirds of the sum of the  
129.12 increased tax proceeds attributable to the increase in the implicit price deflator as provided  
129.13 in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining  
129.14 one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

129.15 (iii) for distributions in 2017 and thereafter, an amount equal to two-thirds of the  
129.16 sum of the increased tax proceeds attributable to the increase in the implicit price deflator  
129.17 as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and  
129.18 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic  
129.19 protection trust fund; and

129.20 (4) any other amount as provided by law.

129.21 Expenditures from this account shall be made only to provide disbursements to  
129.22 assist school districts with the payment of bonds that were issued for qualified school  
129.23 projects, or for any other school disbursement as approved by the Iron Range Resources  
129.24 and Rehabilitation Board. For purposes of this section, "qualified school projects" means  
129.25 school projects within the taconite assistance area as defined in section 273.1341, that were  
129.26 (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner  
129.27 of education pursuant to section 123B.71.

129.28 Beginning in fiscal year 2019, the disbursement to school districts for payments for  
129.29 bonds issued under section 123A.482, subdivision 9, must be increased each year to  
129.30 offset any reduction in debt service equalization aid that the school district qualifies for in  
129.31 that year, under section 123B.53, subdivision 6, compared with the amount the school  
129.32 district qualified for in fiscal year 2018.

129.33 No expenditure under this section shall be made unless approved by seven members  
129.34 of the Iron Range Resources and Rehabilitation Board.

129.35 **EFFECTIVE DATE.** This section is effective for distributions beginning in 2016  
129.36 and thereafter.

130.1 **ARTICLE 8**130.2 **ELECTRIC GENERATION MACHINERY**

130.3 Section 1. Minnesota Statutes 2014, section 216B.1621, subdivision 2, is amended to  
130.4 read:

130.5 Subd. 2. **Commission approval.** (a) The commission shall approve an agreement  
130.6 under this section upon finding that:

130.7 ~~(1) the proposed electric service power generation facility could reasonably be~~  
130.8 ~~expected to qualify for a market value exclusion under section 272.0211;~~

130.9 ~~(2)~~ (1) the public utility has a contractual option to purchase electric power from  
130.10 the proposed facility; and

130.11 ~~(3)~~ (2) the public utility can use the output from the proposed facility to meet its  
130.12 future need for power as demonstrated in the most recent resource plan filed with and  
130.13 approved by the commission under section 216B.2422.

130.14 (b) Sections 216B.03, 216B.05, 216B.06, 216B.07, 216B.16, 216B.162, and  
130.15 216B.23 do not apply to an agreement under this section.

130.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
130.17 2016 and thereafter.

130.18 Sec. 2. Minnesota Statutes 2014, section 216B.164, subdivision 2a, is amended to read:

130.19 Subd. 2a. **Definitions.** (a) For the purposes of this section, the following terms  
130.20 have the meanings given them.

130.21 (b) "Aggregated meter" means a meter located on the premises of a customer's  
130.22 owned or leased property that is contiguous with property containing the customer's  
130.23 designated meter.

130.24 (c) "Capacity" means the number of megawatts alternating current (AC) at the point  
130.25 of interconnection between a distributed generation facility and a utility's electric system.

130.26 (d) "Cogeneration" means a combined process whereby electrical and useful thermal  
130.27 energy are produced simultaneously.

130.28 (e) "Contiguous property" means property owned or leased by the customer sharing  
130.29 a common border, without regard to interruptions in contiguity caused by easements,  
130.30 public thoroughfares, transportation rights-of-way, or utility rights-of-way.

130.31 (f) "Customer" means the person who is named on the utility electric bill for the  
130.32 premises.

130.33 (g) "Designated meter" means a meter that is physically attached to the customer's  
130.34 facility that the customer-generator designates as the first meter to which net metered

131.1 credits are to be applied as the primary meter for billing purposes when the customer is  
131.2 serviced by more than one meter.

131.3 (h) "Distributed generation" means a facility that:

131.4 (1) has a capacity of ten megawatts or less;

131.5 (2) is interconnected with a utility's distribution system, over which the commission  
131.6 has jurisdiction; and

131.7 (3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel,  
131.8 and may include waste heat, cogeneration, or fuel cell technology.

131.9 (i) "High-efficiency distributed generation" means a distributed energy facility that  
131.10 has a minimum efficiency of 40 percent, as calculated under Minnesota Statutes 2014,  
131.11 section 272.0211, subdivision 1.

131.12 (j) "Net metered facility" means an electric generation facility constructed for the  
131.13 purpose of offsetting energy use through the use of renewable energy or high-efficiency  
131.14 distributed generation sources.

131.15 (k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.

131.16 (l) "Standby charge" means a charge imposed by an electric utility upon a distributed  
131.17 generation facility for the recovery of costs for the provision of standby services, as  
131.18 provided for in a utility's tariffs approved by the commission, necessary to make electricity  
131.19 service available to the distributed generation facility.

131.20 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
131.21 2016 and thereafter.

131.22 Sec. 3. Minnesota Statutes 2014, section 216B.2424, subdivision 5, is amended to read:

131.23 Subd. 5. **Mandate.** (a) A public utility, as defined in section 216B.02, subdivision 4,  
131.24 that operates a nuclear-powered electric generating plant within this state must construct  
131.25 and operate, purchase, or contract to construct and operate (1) by December 31, 1998,  
131.26 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop  
131.27 biomass scheduled to be operational by December 31, 2001; and (2) by December 31,  
131.28 1998, an additional 75 megawatts of installed capacity so generated scheduled to be  
131.29 operational by December 31, 2002.

131.30 (b) Of the 125 megawatts of biomass electricity installed capacity required under  
131.31 this subdivision, no more than 55 megawatts of this capacity may be provided by a facility  
131.32 that uses poultry litter as its primary fuel source and any such facility:

131.33 (1) need not use biomass that complies with the definition in subdivision 1;

131.34 (2) must enter into a contract with the public utility for such capacity, that has an  
131.35 average purchase price per megawatt hour over the life of the contract that is equal to or

132.1 less than the average purchase price per megawatt hour over the life of the contract in  
132.2 contracts approved by the Public Utilities Commission before April 1, 2000, to satisfy  
132.3 the mandate of this section, and file that contract with the Public Utilities Commission  
132.4 prior to September 1, 2000; and

132.5 (3) must schedule such capacity to be operational by December 31, 2002.

132.6 (c) Of the total 125 megawatts of biomass electric energy installed capacity required  
132.7 under this section, no more than 75 megawatts may be provided by a single project.

132.8 (d) Of the 75 megawatts of biomass electric energy installed capacity required under  
132.9 paragraph (a), clause (2), no more than 33 megawatts of this capacity may be provided by  
132.10 a St. Paul district heating and cooling system cogeneration facility utilizing waste wood  
132.11 as a primary fuel source. The St. Paul district heating and cooling system cogeneration  
132.12 facility need not use biomass that complies with the definition in subdivision 1.

132.13 (e) The public utility must accept and consider on an equal basis with other biomass  
132.14 proposals:

132.15 (1) a proposal to satisfy the requirements of this section that includes a project that  
132.16 exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and  
132.17 that proposes to sell the excess capacity to the public utility or to other purchasers; and

132.18 (2) a proposal for a new facility to satisfy more than ten but not more than 20  
132.19 megawatts of the electrical generation requirements by a small business-sponsored  
132.20 independent power producer facility to be located within the northern quarter of the state,  
132.21 which means the area located north of Constitutional Route No. 8 as described in section  
132.22 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped  
132.23 wood, or brush to generate electricity. A facility described in this clause is not required  
132.24 to utilize biomass complying with the definition in subdivision 1, but must be under  
132.25 construction by December 31, 2005.

132.26 (f) If a public utility files a contract with the commission for electric energy installed  
132.27 capacity that uses poultry litter as its primary fuel source, the commission must do a  
132.28 preliminary review of the contract to determine if it meets the purchase price criteria  
132.29 provided in paragraph (b), clause (2). The commission shall perform its review and advise  
132.30 the parties of its determination within 30 days of filing of such a contract by a public  
132.31 utility. A public utility may submit by September 1, 2000, a revised contract to address the  
132.32 commission's preliminary determination.

132.33 (g) The commission shall finally approve, modify, or disapprove no later than July  
132.34 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the  
132.35 mandate set forth in this subdivision.

133.1 (h) If a public utility subject to this section exercises an option to increase the  
 133.2 generating capacity of a project in a contract approved by the commission prior to April  
 133.3 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the  
 133.4 commission by September 1, 2000, that it has exercised the option and include in the  
 133.5 notice the amount of additional megawatts to be generated under the option exercised.  
 133.6 Any review by the commission of the project after exercise of such an option shall be  
 133.7 based on the same criteria used to review the existing contract.

133.8 ~~(i) A facility specified in this subdivision qualifies for exemption from property~~  
 133.9 ~~taxation under section 272.02, subdivision 45.~~

133.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
 133.11 2016 and thereafter.

133.12 Sec. 4. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

133.13 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property  
 133.14 enumerated below, all personal property and the property described in section 272.03,  
 133.15 subdivision 1, paragraphs (c) and (d), shall be exempt.

133.16 The following personal property shall be taxable:

133.17 (a) personal property which is part of an electric ~~generating~~, transmission, or  
 133.18 distribution system or a pipeline system transporting or distributing water, gas, crude  
 133.19 oil, or petroleum products or mains and pipes used in the distribution of steam or hot or  
 133.20 chilled water for heating or cooling buildings and structures;

133.21 (b) railroad docks and wharves which are part of the operating property of a railroad  
 133.22 company as defined in section 270.80;

133.23 (c) personal property defined in section 272.03, subdivision 2, clause (3);

133.24 (d) leasehold or other personal property interests which are taxed pursuant to section  
 133.25 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
 133.26 providing the property is taxable as if the lessee or user were the fee owner;

133.27 (e) manufactured homes and sectional structures, including storage sheds, decks,  
 133.28 and similar removable improvements constructed on the site of a manufactured home,  
 133.29 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision  
 133.30 8, paragraph (f); and

133.31 (f) flight property as defined in section 270.071.

133.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
 133.33 2016 and thereafter.

134.1 Sec. 5. Minnesota Statutes 2014, section 272.02, subdivision 10, is amended to read:

134.2 Subd. 10. **Personal property used for pollution control.** Personal property used  
 134.3 primarily for the abatement and control of air, water, or land pollution is exempt to the  
 134.4 extent that it is so used, and real property is exempt if it is used primarily for abatement  
 134.5 and control of air, water, or land pollution as part of an agricultural operation, as a part  
 134.6 of a centralized treatment and recovery facility operating under a permit issued by the  
 134.7 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota  
 134.8 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater  
 134.9 treatment facility and for the treatment, recovery, and stabilization of metals, oils,  
 134.10 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, ~~or as~~  
 134.11 ~~part of an electric generation system.~~ For purposes of this subdivision, personal property  
 134.12 includes ponderous machinery and equipment used in a business or production activity  
 134.13 that at common law is considered real property. The real or personal property of an  
 134.14 electric generation system is not eligible for an exemption under this section.

134.15 Any taxpayer requesting exemption of all or a portion of any real property or any  
 134.16 equipment or device, or part thereof, operated primarily for the control or abatement of  
 134.17 air, water, or land pollution shall file an application with the commissioner of revenue.  
 134.18 The commissioner shall develop an electronic means to notify interested parties when  
 134.19 electric power generation facilities have filed an application. The Minnesota Pollution  
 134.20 Control Agency shall upon request of the commissioner furnish information and advice to  
 134.21 the commissioner.

134.22 The information and advice furnished by the Minnesota Pollution Control  
 134.23 Agency must include statements as to whether the equipment, device, or real property  
 134.24 meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution  
 134.25 Control Agency, and whether the equipment, device, or real property is installed or  
 134.26 operated in accordance with it. On determining that property qualifies for exemption,  
 134.27 the commissioner shall issue an order exempting the property from taxation. The  
 134.28 commissioner shall develop an electronic means to notify interested parties when  
 134.29 the commissioner has issued an order exempting property from taxation under this  
 134.30 subdivision. The equipment, device, or real property shall continue to be exempt from  
 134.31 taxation as long as the order issued by the commissioner remains in effect.

134.32 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 134.33 thereafter.

134.34 Sec. 6. **[273.129] ELECTRIC GENERATION MACHINERY; VALUATION.**

- 135.1 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
135.2 having the meanings given.
- 135.3 (b) "Biomass generating system" means any device used to produce energy by the  
135.4 direct combustion of carbon-based organisms.
- 135.5 (c) "Coal generating system" means any device whose primary purpose is the  
135.6 production of electricity derived by the direct combustion of coal to produce steam.
- 135.7 (d) "Electric generation machinery" means all personal property of an electric  
135.8 generation system, excluding solar energy generating systems and wind energy conversion  
135.9 systems, used for the purpose of generating electricity.
- 135.10 (e) "Generation capacity" means the generation rate per megawatt as follows:
- 135.11 (1) \$0 for hydroelectric generating systems;
- 135.12 (2) \$5,000 for machinery used to generate electricity from biomass, natural gas, or  
135.13 nuclear fuel generation systems; and
- 135.14 (3) \$10,000 for machinery used to generate electricity from a coal or oil generation  
135.15 system or any other fossil fuel.
- 135.16 (f) "Generation rate" means the rate per kilowatt hour as follows:
- 135.17 (1) \$.05 for hydroelectric generating systems;
- 135.18 (2) \$.0525 for machinery used to generate electricity from biomass, natural gas, or  
135.19 nuclear fuel generation systems; and
- 135.20 (3) \$.055 for machinery used to generate electricity from a coal or oil generation  
135.21 system or any other fossil fuel.
- 135.22 (g) "Hydroelectric generating system" means any device whose primary purpose is  
135.23 the production of electricity derived from flowing water.
- 135.24 (h) "Nameplate capacity" means the maximum rated output of a generator, prime  
135.25 mover, or other electric power production equipment under specific conditions designated  
135.26 by the manufacturer.
- 135.27 (i) "Natural gas generating system" means any device whose primary purpose is the  
135.28 production of electricity derived from natural gas.
- 135.29 (j) "Nuclear fuel generating system" means any device whose primary purpose is  
135.30 the production of electricity generated by the use of the thermal energy released from the  
135.31 fission of nuclear fuel in a reactor.
- 135.32 (k) "Oil generating system" means any device whose primary purpose is the  
135.33 production of electricity derived by direct combustion of oil to produce steam.
- 135.34 (l) "Primary fuel source" means the fuel source that is dominantly used by a facility  
135.35 in the production of electricity.

136.1 (m) "Spent fuel" means fuel that has been irradiated in a nuclear reactor to the point  
136.2 where it is no longer useful in sustaining a nuclear reaction.

136.3 (n) "Spent fuel tax base" means \$150,000,000 per facility plus \$100,000 per ton of  
136.4 spent fuel of a nuclear generating facility.

136.5 Subd. 2. **Rates; adjustment.** The generation and capacity rates as provided in  
136.6 subdivision 1, paragraphs (e) and (f), shall be increased annually by an amount equal to the  
136.7 percentage change in the retail price of electricity for the residential sector in Minnesota  
136.8 for the prior year as reported by the U.S. Energy Information Administration.

136.9 Subd. 3. **Electric generation tax base.** (a) The commissioner shall annually  
136.10 calculate the electric generation tax base under this section. An electric generating system  
136.11 with a capacity of one megawatt or less as determined under subdivision 4 shall be  
136.12 exempt from the provisions of this section. The commissioner shall calculate the electric  
136.13 generation tax base using the applicable capacity and generation rate based on the electric  
136.14 generation system's primary fuel source.

136.15 (b) The electric generation tax base for property described in subdivision 1 is equal  
136.16 to the sum of: (1) its nameplate capacity multiplied by its generation capacity rate; (2)  
136.17 the average of its electric energy production as reported to the commissioner of revenue  
136.18 for the immediately preceding five years, multiplied by its generation rate; and (3) its  
136.19 spent fuel tax base. For electric generating systems that have been operational for less  
136.20 than the immediately preceding five years, the average of its electric energy production  
136.21 shall be the average of its electric energy production for the time period since the facility  
136.22 commenced operation.

136.23 (c) For purposes of a levy based on market value, the electric generation tax base  
136.24 shall become part of the jurisdiction's market value tax base. For all levies based on net  
136.25 tax capacity, the electric generation tax base multiplied by two percent shall be added  
136.26 to the jurisdiction's net tax capacity base.

136.27 Subd. 4. **Electric generating systems; size.** The total capacity of an electric  
136.28 generating system, pursuant to this section, shall be determined by combining all  
136.29 generators of each fuel type within each facility, based on the information reported to the  
136.30 commissioner of revenue as required under subdivision 5.

136.31 Subd. 5. **Generating systems; reports.** An owner of an electric generating system  
136.32 shall file a report with the commissioner of revenue annually on or before February 1  
136.33 detailing: (1) the amount of electricity that was produced by each generator in the previous  
136.34 calendar year as reported to the U.S. Energy Information Administration; and (2) the  
136.35 location, length, and capacity of all transmission and distribution lines. The commissioner  
136.36 shall prescribe the form of the report. The report must contain the information required by

137.1 the commissioner to determine the electric generation tax base. If an owner of an electric  
 137.2 generating system fails to file the report by the due date, the commissioner of revenue  
 137.3 shall determine the electric generation tax base based upon the nameplate capacity of the  
 137.4 system multiplied by a capacity factor of 100 percent.

137.5 **EFFECTIVE DATE.** This section is effective for assessment year 2016.

137.6 Sec. 7. Minnesota Statutes 2014, section 273.13, subdivision 24, is amended to read:

137.7 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal  
 137.8 property is class 3a.

137.9 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility  
 137.10 real property has a classification rate of 1.5 percent of the first tier of market value, and 2.0  
 137.11 percent of the remaining market value. In the case of contiguous parcels of property owned  
 137.12 by the same person or entity, only the value equal to the first-tier value of the contiguous  
 137.13 parcels qualifies for the reduced classification rate, except that contiguous parcels owned  
 137.14 by the same person or entity shall be eligible for the first-tier value classification rate on  
 137.15 each separate business operated by the owner of the property, provided the business is  
 137.16 housed in a separate structure. For the purposes of this subdivision, the first tier means the  
 137.17 first \$150,000 of market value. Real property owned in fee by a utility for transmission  
 137.18 line right-of-way shall be classified at the classification rate for the higher tier.

137.19 For purposes of this subdivision, parcels are considered to be contiguous even if  
 137.20 they are separated from each other by a road, street, waterway, or other similar intervening  
 137.21 type of property. Connections between parcels that consist of power lines or pipelines do  
 137.22 not cause the parcels to be contiguous. Property owners who have contiguous parcels of  
 137.23 property that constitute separate businesses that may qualify for the first-tier classification  
 137.24 rate shall notify the assessor by July 1, for treatment beginning in the following taxes  
 137.25 payable year.

137.26 (2) All personal property that is: (i) part of an electric ~~generation;~~ transmission; or  
 137.27 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,  
 137.28 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad  
 137.29 operating property has a classification rate as provided under clause (1) for the first tier  
 137.30 of market value and the remaining market value. In the case of multiple parcels in one  
 137.31 county that are owned by one person or entity, only one first tier amount is eligible for the  
 137.32 reduced rate.

137.33 (3) The entire market value of personal property that is: (i) tools; and implements;  
 137.34 ~~and machinery~~ of an electric ~~generation;~~ transmission; or distribution system; (ii) tools,  
 137.35 implements, and machinery of a pipeline system transporting or distributing water, gas,

138.1 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of  
138.2 steam or hot or chilled water for heating or cooling buildings, has a classification rate as  
138.3 provided under clause (1) for the remaining market value in excess of the first tier.

138.4 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.

138.5 Sec. 8. Minnesota Statutes 2014, section 273.37, subdivision 1, is amended to read:

138.6 Subdivision 1. **Listing and assessment where situated.** (a) Personal property of  
138.7 electric light and power companies, and other individuals and partnerships supplying  
138.8 electric light and power, having a fixed situs outside of the corporate limits of cities shall  
138.9 be listed and assessed in the district where situated, except as otherwise provided.

138.10 (b) Notwithstanding any other law to the contrary, the nonoperating property, and  
138.11 operating real property of electric light and power companies that is part of an electric  
138.12 generation system, shall be listed and assessed by the local or county assessor.

138.13 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
138.14 thereafter.

138.15 Sec. 9. **[477A.21] ELECTRIC GENERATION PROPERTY TRANSITION AID.**

138.16 Subdivision 1. **Definitions.** For the purposes of this section, "local unit" means a  
138.17 home rule charter or statutory city, county, or a town.

138.18 Subd. 2. **Aid eligibility; payment.** For aids payable in 2017 and thereafter,  
138.19 transition aid under this section for an eligible local unit equals: (1) the net tax capacity of  
138.20 all personal property of all electric generating systems as determined for assessment year  
138.21 2015 multiplied by the 2015 local tax rate; minus (2) the net tax capacity in the current  
138.22 year of all electric generating systems as determined under section 273.129, multiplied by  
138.23 the current local tax rate. Aid to a local unit shall cease beginning in the year following  
138.24 the year in which the aid equals zero. Once a local unit becomes ineligible for aid under  
138.25 this section, it may not subsequently become eligible.

138.26 The commissioner of revenue shall compute the amount of transition aid payable to  
138.27 each local unit under this section. On or before August 1 of each year, the commissioner  
138.28 shall certify the amount of transition aid computed for aids payable in the following year  
138.29 for each recipient local unit. The commissioner shall pay transition aid to local units  
138.30 annually at the time provided for the second installment of local government aid under  
138.31 section 477A.015.

138.32 The commissioner of revenue may require counties to provide any data that the  
138.33 commissioner deems necessary to administer this section.

139.1 Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this  
 139.2 section is annually appropriated to the commissioner of revenue from the general fund.

139.3 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.

139.4 Sec. 10. **REPEALER.**

139.5 Minnesota Statutes 2014, sections 272.02, subdivisions 29, 33, 41, 44, 45, 47, 52,  
 139.6 54, 55, 56, 68, 69, 70, 71, 80, 84, 89, 92, 93, 96, and 99; 272.0211, are repealed.

139.7 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
 139.8 2016 and thereafter.

## 139.9 **ARTICLE 9**

### 139.10 **RAILROAD RECODIFICATION**

139.11 Section 1. Minnesota Statutes 2014, section 270.80, subdivision 1, is amended to read:

139.12 Subdivision 1. **Applicability.** The following words and phrases when used  
 139.13 in sections ~~270.80~~ 273.3712 to ~~270.87~~ 273.3719, unless the context clearly indicates  
 139.14 otherwise, have the meanings ascribed to them in this section.

139.15 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 139.16 thereafter.

139.17 Sec. 2. Minnesota Statutes 2014, section 270.80, subdivision 2, is amended to read:

139.18 Subd. 2. **Railroad company.** "Railroad company" means:

139.19 (1) any company which as a common carrier operates a railroad or a line or lines of  
 139.20 ~~railway~~ railroad situated within or partly within Minnesota; or

139.21 (2) any company owning or operating, other than as a common carrier, a railway  
 139.22 principally used for transportation of taconite concentrates from the plant at which the  
 139.23 taconite concentrates are produced in shipping form to a point of consumption or port  
 139.24 for shipment beyond the state; or

139.25 (3) any company that produces concentrates from taconite and transports that  
 139.26 taconite in the course of the concentrating process and before the concentrating process is  
 139.27 completed to a concentrating plant located within the state over a railroad that is not a  
 139.28 common carrier and ~~shall~~ does not use a common carrier or taconite railroad company as  
 139.29 defined in clause (2) for the movement of the concentrate to a point of consumption or  
 139.30 port for shipment beyond the state.

140.1 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
140.2 thereafter.

140.3 Sec. 3. Minnesota Statutes 2014, section 270.80, subdivision 3, is amended to read:

140.4 Subd. 3. **Operating property.** "Operating property" means all property owned  
140.5 or used by a railroad company in the performance of railroad transportation services,  
140.6 including ~~without limitation franchises, rights-of-way, bridges, trestles, shops, docks,~~  
140.7 ~~wharves, buildings and structures,~~ but not limited to, road, locomotives, freight cars,  
140.8 and improvements on leased property. Operating property is listed and assessed by the  
140.9 commissioner where the property is located.

140.10 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
140.11 thereafter.

140.12 Sec. 4. Minnesota Statutes 2014, section 270.80, subdivision 4, is amended to read:

140.13 Subd. 4. **Nonoperating property.** "Nonoperating property" means ~~and includes~~ all  
140.14 property other than property defined in subdivision 3. Nonoperating property ~~shall include~~  
140.15 includes real property ~~which~~ that is leased or rented or available for lease or rent to any  
140.16 person ~~which~~ that is not a railroad company. Vacant land shall be presumed to be available  
140.17 for lease or rent if it has not been used as operating property for a period of one year  
140.18 immediately preceding the valuation date. Nonoperating property also includes land ~~which~~  
140.19 that is not necessary and integral to the performance of railroad transportation services  
140.20 and ~~which~~ that is not used on a regular and continual basis in the performance of these  
140.21 services. Nonoperating property also includes that portion of a ~~general~~ corporation office  
140.22 building and its proportionate share of land ~~which~~ that is not used for ~~railway~~ railroad  
140.23 operation or purpose. Nonoperating property is assessed by the local or county assessor.

140.24 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
140.25 thereafter.

140.26 Sec. 5. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
140.27 to read:

140.28 Subd. 6. **Company.** "Company" means any corporation, limited liability company,  
140.29 association, partnership, trust, estate, fiduciary, public or private organization of any kind,  
140.30 or any other legal entity.

140.31 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
140.32 thereafter.

141.1 Sec. 6. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
141.2 to read:

141.3 Subd. 7. **Unit value.** "Unit value" means the value of the whole integrated system  
141.4 of a railroad company operating as a going concern without regard to the value of its  
141.5 component parts.

141.6 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
141.7 thereafter.

141.8 Sec. 7. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
141.9 to read:

141.10 Subd. 8. **Book depreciation.** "Book depreciation" means the accumulated  
141.11 depreciation shown by a railroad company on its books or allowed to the company by  
141.12 the Surface Transportation Board.

141.13 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
141.14 thereafter.

141.15 Sec. 8. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
141.16 to read:

141.17 Subd. 9. **Equalization.** "Equalization" means the adjustment of the estimated value  
141.18 of railroad operating property to the apparent sales ratio of commercial and industrial  
141.19 property.

141.20 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
141.21 thereafter.

141.22 Sec. 9. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
141.23 to read:

141.24 Subd. 10. **Exempt property.** "Exempt property" means property which is  
141.25 nontaxable for ad valorem tax purposes under Minnesota Statutes, including personal  
141.26 property exempt from taxation under chapter 272.

141.27 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
141.28 thereafter.

141.29 Sec. 10. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
141.30 to read:

142.1 Subd. 11. **Original cost.** "Original cost" means the amount paid for an asset by the  
142.2 current owner as recorded on the railroad's books or allowed by the Surface Transportation  
142.3 Board.

142.4 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
142.5 thereafter.

142.6 Sec. 11. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
142.7 to read:

142.8 Subd. 12. **System.** "System" means the total property, real and personal, of a  
142.9 railroad, that is used in its railroad operations.

142.10 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
142.11 thereafter.

142.12 Sec. 12. Minnesota Statutes 2014, section 270.80, is amended by adding a subdivision  
142.13 to read:

142.14 Subd. 14. **Minnesota allocated value.** "Minnesota allocated value" means the value  
142.15 of a railroad company's operating property that is assigned to Minnesota for tax purposes.

142.16 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
142.17 thereafter.

142.18 Sec. 13. Minnesota Statutes 2014, section 270.81, subdivision 1, is amended to read:

142.19 Subdivision 1. **Valuation of operating property.** The operating property of every  
142.20 railroad company doing business in Minnesota shall be valued by the commissioner in the  
142.21 manner prescribed by sections ~~270.80~~ 273.3712 to ~~270.87~~ 273.3719.

142.22 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
142.23 thereafter.

142.24 Sec. 14. Minnesota Statutes 2014, section 270.81, subdivision 3, is amended to read:

142.25 Subd. 3. **Determination of type of property.** (a) The commissioner ~~shall have~~ has  
142.26 exclusive primary jurisdiction to determine what whether railroad property is operating  
142.27 property and what is or nonoperating property. In making such the determination, the  
142.28 commissioner ~~shall~~ may solicit information and opinions from outside the department  
142.29 and afford all interested persons an opportunity to submit data or views on the subject  
142.30 in writing or orally.

143.1 (b) Local and county assessors may submit written requests to the commissioner,  
 143.2 asking for a determination of the nature of specific whether property owned by a  
 143.3 railroad and located within their assessing jurisdiction is operating or nonoperating. Any  
 143.4 determination made by the commissioner may be appealed by the assessor to the Tax Court  
 143.5 pursuant to chapter 271. The requests must be submitted by April 1 of the assessing year.  
 143.6 The commissioner must send the assessor a written determination by May 1. Assessors may  
 143.7 appeal determinations made by the commissioner to the Tax Court pursuant to chapter 271.

143.8 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 143.9 thereafter.

143.10 Sec. 15. Minnesota Statutes 2014, section 270.81, is amended by adding a subdivision  
 143.11 to read:

143.12 **Subd. 6. Deduction for nonoperating and exempt property.** Property that was part  
 143.13 of the system, but is nonoperating property, or that is exempt from ad valorem taxation, is  
 143.14 excluded from the Minnesota allocated value under section 273.3718, subdivision 1a. Only  
 143.15 qualifying property located in Minnesota may be deducted from the Minnesota allocated  
 143.16 value. The commissioner must deduct the market value of the property to be excluded. This  
 143.17 must be calculated by multiplying the book value of the property by the market-to-book  
 143.18 ratio of the unit. The company has the burden of proof to establish that property should  
 143.19 be excluded from the Minnesota allocated value. The railroad company must submit  
 143.20 schedules of exempt or nonoperating property as the commissioner may require. The  
 143.21 remaining amount after this deduction is the Minnesota apportionable market value.

143.22 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 143.23 thereafter.

143.24 Sec. 16. Minnesota Statutes 2014, section 270.82, is amended to read:

143.25 **270.82 REPORTS OF RAILROAD COMPANIES.**

143.26 Subdivision 1. **Annual report required.** Before March 31, every railroad company  
 143.27 doing business in Minnesota shall annually must file with the commissioner on or before  
 143.28 March 31 a an annual report under oath setting forth the information prescribed by the  
 143.29 commissioner to enable the commissioner to make the valuation and equalization required  
 143.30 by sections 270.80 273.3712 to 270.87. 273.3719. The commissioner shall prescribe the  
 143.31 content, format, and manner of the report pursuant to section 270C.30. If a report is made  
 143.32 by electronic means, the taxpayer's signature is defined pursuant to section 270C.304,  
 143.33 except that a "law administered by the commissioner" includes the property tax laws.

144.1 Subd. 2. **Extension of time.** If the commissioner ~~for good~~ determines that there is  
 144.2 reasonable cause, the commissioner may extend the time for filing the report required by  
 144.3 subdivision 1 for up to 15 days the time for filing the report required by subdivision 1.

144.4 Subd. 3. **Amended reports.** A railroad company may file an amended report to  
 144.5 correct or add information to the original report. Amended reports must be filed with  
 144.6 the commissioner by April 30.

144.7 Subd. 4. **Failure to file reports.** (a) The commissioner may make the valuation  
 144.8 provided for by sections 273.3712 to 237.3719, according to the commissioner's best  
 144.9 judgment based on available information, if any railroad company does not:

144.10 (1) make the report required by this section;

144.11 (2) permit an inspection and examination of its property, records, books, accounts,  
 144.12 or other papers when requested by the commissioner; or

144.13 (3) appear before the commissioner or a person appointed under section 273.3715,  
 144.14 when required to do so.

144.15 (b) If the commissioner makes the valuation pursuant to paragraph (a), the  
 144.16 commissioner's valuation is final. Notwithstanding any other law to the contrary,  
 144.17 the commissioner's valuation made pursuant to this subdivision is not appealable  
 144.18 administratively.

144.19 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 144.20 thereafter.

144.21 Sec. 17. Minnesota Statutes 2014, section 270.83, subdivision 1, is amended to read:

144.22 Subdivision 1. **Powers of commissioner.** The commissioner ~~shall have~~ has the  
 144.23 power to examine or cause to be examined any books, papers, records, or memoranda  
 144.24 relevant to the determination of the valuation of operating property ~~as herein provided.~~  
 144.25 The commissioner ~~shall have the further power to~~ may require the attendance of any  
 144.26 person having knowledge or information ~~in the premises~~ concerning the valuation of the  
 144.27 operating property, ~~to~~ compel the production of books, papers, records, or memoranda by  
 144.28 persons so required to attend, ~~to~~ take testimony on matters material to ~~such determination~~  
 144.29 determine the valuation of operating property, and administer oaths or affirmations.

144.30 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 144.31 thereafter.

144.32 Sec. 18. Minnesota Statutes 2014, section 270.83, subdivision 2, is amended to read:

145.1 Subd. 2. **Appointment of persons; subpoenas.** ~~For the purpose of making such~~  
 145.2 ~~examinations,~~ The commissioner may appoint such persons as the commissioner ~~may~~  
 145.3 ~~deem~~ deems necessary to make the examinations described in subdivision 1. ~~Such~~  
 145.4 ~~persons shall have the rights and powers of the examining of~~ Persons appointed may  
 145.5 examine books, papers, records or memoranda, and of subpoenaing subpoena witnesses,  
 145.6 administering administer oaths and affirmations, and taking of take testimony, which are  
 145.7 conferred upon the commissioner hereby. The court administrator of any court of record,  
 145.8 upon demand of any ~~such~~ person appointed, shall issue a subpoena for the attendance of  
 145.9 any witness or the production of any books, papers, records, or memoranda before such  
 145.10 person. The commissioner may also issue subpoenas for the appearance of witnesses  
 145.11 ~~before the commissioner or before such persons. Disobedience of subpoenas so issued~~  
 145.12 ~~shall be punished by the district court of the district in which the subpoena is issued for a~~  
 145.13 ~~contempt of the district court.~~ Failure to comply with a subpoena shall be punished in the  
 145.14 same manner as contempt of the district court.

145.15 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 145.16 thereafter.

145.17 Sec. 19. Minnesota Statutes 2014, section 270.84, is amended to read:

145.18 **270.84 ANNUAL VALUATION OF OPERATING PROPERTY.**

145.19 Subdivision 1. **Annual valuation; rules.** (a) Before July 1, the commissioner  
 145.20 ~~shall annually between March 31 and May 31 make a determination of~~ must determine  
 145.21 ~~the fair~~ market value of the operating property of every railroad company doing business  
 145.22 in this state as of January 2 of the year in which the valuation is made. ~~In making~~  
 145.23 ~~this determination,~~ The commissioner ~~shall~~ must employ generally accepted appraisal  
 145.24 principles and practices which may include the unit method of determining value-, and  
 145.25 approaches approved by the Western States Association of Tax Administrators, National  
 145.26 Conference of Unit Valuation States, and the International Association of Assessing  
 145.27 Officers.

145.28 (b) The unit value of railroad property is the reconciled value considering the cost,  
 145.29 income, and market approaches under subdivisions 1a, 1b, and 1c. Each approach must  
 145.30 be weighted in accordance with the reliability of the information and the commissioner's  
 145.31 judgment.

145.32 Subd. 1a. **Cost approach.** (a) The commissioner may use the cost approach,  
 145.33 including but not limited to original cost less book depreciation and replacement cost  
 145.34 less depreciation.

146.1 (b) Book depreciation is allowed as a deduction from an original cost model. Book  
 146.2 depreciation is assumed to include all forms of appraisal depreciation.

146.3 (c) Explicitly calculated appraisal depreciation, including physical, functional, and  
 146.4 external obsolescence, is allowed as a deduction from the replacement cost model.

146.5 Subd. 1b. **Income approach.** (a) The commissioner may use the income approach,  
 146.6 including but not limited to direct capitalization models and yield capitalization models.

146.7 (b) The yield rate is calculated using market data on selected comparable companies  
 146.8 in the band of investment method.

146.9 (1) Discounted cash flows is a yield capitalization model that calculates the present  
 146.10 value of explicit cash flow forecasts capitalized using the yield rate, plus reversion to  
 146.11 stable growth yield capitalization after the period of explicit forecasts.

146.12 (2) Stable growth yield capitalization is a yield capitalization model that calculates  
 146.13 the present value of anticipated future cash flows, capitalized using the yield rate and  
 146.14 considering growth.

146.15 (c) Direct capitalization is the expected net operating income for the following year,  
 146.16 divided by the direct capitalization rate. The direct capitalization rate is calculated by  
 146.17 using direct market observations from comparable sales or using market earning-to-price  
 146.18 information in the band of investment method.

146.19 Subd. 1c. **Market approach.** The commissioner may use the market approach,  
 146.20 including but not limited to a sales comparison model, a stock and debt model, or other  
 146.21 market models that are available and reliable.

146.22 Subd. 2. **Notice.** The commissioner, after determining the fair market value of the  
 146.23 operating property of each railroad company, ~~shall give notice to~~ must notify the railroad  
 146.24 company of the valuation ~~by first class mail, overnight delivery, or messenger service.~~

146.25 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 146.26 thereafter.

146.27 Sec. 20. Minnesota Statutes 2014, section 270.86, is amended to read:

146.28 **270.86 APPORTIONMENT AND EQUALIZATION OF VALUATION.**

146.29 Subdivision 1. **Apportionment of value.** ~~Upon determining~~ After allocating to  
 146.30 Minnesota the fair market value of the operating property of each railroad company, the  
 146.31 commissioner ~~shall~~ must apportion such the value to the respective counties and to the  
 146.32 taxing districts therein in conformity with fair and reasonable rules and standards to be  
 146.33 established by the commissioner pursuant to notice and hearing, except as provided in  
 146.34 section 270.81. In establishing such rules and standards the commissioner may consider

147.1 ~~(a) the physical situs of all station houses, depots, docks, wharves, and other buildings and~~  
 147.2 ~~structures with an original cost in excess of \$10,000; (b) the proportion that the length and~~  
 147.3 ~~type of all the tracks used by the railroad in such county and taxing district bears to the~~  
 147.4 ~~length and type of all the track used in the state; and (c) other facts as will result in a fair~~  
 147.5 ~~and equitable apportionment of value~~ the operating parcels in Minnesota.

147.6 The apportioned market value of each company's operating parcel in Minnesota is  
 147.7 the current original cost of each parcel as of the last assessment date plus original cost  
 147.8 of new construction minus the original cost of property retired since the last assessment  
 147.9 date. The total Minnesota apportionable market value of the railroad is divided by the  
 147.10 total current original cost of the railroad in Minnesota to determine a percentage. The  
 147.11 resulting percentage is multiplied by the current original cost of each parcel to determine  
 147.12 the apportioned market value of each parcel.

147.13 Subd. 1a. **Allocation of value.** (a) After the market value of operating property has  
 147.14 been estimated, the portion of value that is attributable to Minnesota must be determined  
 147.15 by calculating an allocation percentage using factors relevant to the industry segment of  
 147.16 the railroad company. The allocation percentage must be multiplied by the value of the  
 147.17 operating property to determine the Minnesota allocated value.

147.18 (b) The Minnesota allocated value is determined by averaging the following factors:

147.19 (1) miles of railroad track operated in Minnesota divided by miles of railroad track  
 147.20 operated in all states;

147.21 (2) ton miles of revenue freight transported in Minnesota divided by ton miles of  
 147.22 revenue freight transported in all states;

147.23 (3) gross revenues from transportation operations within Minnesota divided by gross  
 147.24 revenues from transportation operations in all states; and

147.25 (4) cost of railroad property in Minnesota divided by cost of railroad property in  
 147.26 all states.

147.27 (c) Each of the available factors must be weighted equally.

147.28 **Subd. 2. Equalized valuation.** After making the apportionment provided in  
 147.29 subdivision 1, the commissioner ~~shall~~ must determine the equalized valuation of the  
 147.30 operating property in each county by applying to the apportioned value an estimated  
 147.31 current year median sales ratio for all commercial and industrial property in that county.  
 147.32 If the commissioner ~~decides~~ determines that there are insufficient sales to determine a  
 147.33 median commercial-industrial sales ratio, an estimated current year countywide median  
 147.34 sales ratio for all property ~~shall~~ must be applied to the apportioned value. ~~No equalization~~  
 147.35 ~~shall~~ Equalization must not be made to the market value of the operating property if the

148.1 median sales ratio determined pursuant to this subdivision is ~~within five~~ at least 90 but less  
 148.2 than 105 percent of the assessment ratio of the railroad operating property.

148.3 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 148.4 thereafter.

148.5 Sec. 21. Minnesota Statutes 2014, section 270.87, is amended to read:

148.6 **270.87 CERTIFICATION TO COUNTY ASSESSORS.**

148.7 ~~After making an annual determination of the equalized fair market value of the~~  
 148.8 ~~operating property of each company in each of the respective counties, and in the taxing~~  
 148.9 ~~districts therein,~~ The commissioner ~~shall~~ must certify the equalized fair market value of  
 148.10 the operating property to the county assessor ~~on or before June 30~~ August 1. The equalized  
 148.11 fair market value of the operating property of the railroad company in the county and the  
 148.12 taxing districts therein is the value on which taxes must be levied and collected in the  
 148.13 same manner as on the commercial and industrial property ~~of such county and the taxing~~  
 148.14 ~~districts therein~~ in the counties and taxing districts. If the commissioner determines that  
 148.15 the equalized fair market value certified ~~on or before June 30~~ August 1 is in error, the  
 148.16 commissioner may issue a corrected certification ~~on or before August 31~~ October 1. The  
 148.17 commissioner may correct errors that are merely clerical in nature until December 31.

148.18 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 148.19 thereafter.

148.20 Sec. 22. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

148.21 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property  
 148.22 enumerated below, all personal property and the property described in section 272.03,  
 148.23 subdivision 1, paragraphs (c) and (d), shall be exempt.

148.24 The following personal property shall be taxable:

148.25 (a) personal property which is part of an electric generating, transmission, or  
 148.26 distribution system or a pipeline system transporting or distributing water, gas, crude  
 148.27 oil, or petroleum products or mains and pipes used in the distribution of steam or hot or  
 148.28 chilled water for heating or cooling buildings and structures;

148.29 (b) ~~railroad docks and wharves which are part of the~~ personal property that is part of  
 148.30 the operating property of a railroad company as defined in section 270.80 273.3712;

148.31 (c) personal property defined in section 272.03, subdivision 2, clause (3);

149.1 (d) leasehold or other personal property interests which are taxed pursuant to section  
 149.2 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
 149.3 providing the property is taxable as if the lessee or user were the fee owner;

149.4 (e) manufactured homes and sectional structures, including storage sheds, decks,  
 149.5 and similar removable improvements constructed on the site of a manufactured home,  
 149.6 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision  
 149.7 8, paragraph (f); and

149.8 (f) flight property as defined in section 270.071.

149.9 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 149.10 thereafter.

149.11 Sec. 23. **SEVERABILITY.**

149.12 If any part of this article is found to be invalid because it is in conflict with a  
 149.13 provision of the Minnesota Constitution or for any other reason, all other provisions  
 149.14 of this act shall remain valid and any rights, remedies, and privileges that have been  
 149.15 otherwise accrued by this act, shall remain in effect and may be proceeded with and  
 149.16 concluded under the provisions of this act.

149.17 Sec. 24. **REVISOR'S INSTRUCTION.**

149.18 The revisor of statutes shall renumber the provisions of Minnesota Statutes listed  
 149.19 in column A to the references listed in column B. The revisor shall also make necessary  
 149.20 cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with  
 149.21 renumbering.

	<u>Column A</u>	<u>Column B</u>
149.22	<u>270.80</u>	<u>273.3712</u>
149.23	<u>270.81</u>	<u>273.3713</u>
149.24	<u>270.82</u>	<u>273.3714</u>
149.25	<u>270.83</u>	<u>273.3715</u>
149.26	<u>270.84</u>	<u>273.3716</u>
149.27	<u>270.85</u>	<u>273.3717</u>
149.28	<u>270.86</u>	<u>273.3718</u>
149.29	<u>270.87</u>	<u>273.3719</u>

149.31 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 149.32 thereafter.

149.33 Sec. 25. **REPEALER.**

150.1 Minnesota Statutes 2014, sections 270.81, subdivision 4; and 270.83, subdivision 3,  
 150.2 and Minnesota Rules, parts 8106.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14, 17,  
 150.3 17a, 18, 19, 20, and 21; 8106.0300, subparts 1 and 3; 8106.0400; 8106.0500; 8106.0600;  
 150.4 8106.0700; 8106.0800; and 8106.9900, are repealed.

150.5 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and  
 150.6 thereafter.

## 150.7 **ARTICLE 10**

### 150.8 **PUBLIC FINANCE**

150.9 Section 1. Minnesota Statutes 2014, section 126C.40, subdivision 1, is amended to read:

150.10 Subdivision 1. **To lease building or land.** (a) When an independent or a special  
 150.11 school district or a group of independent or special school districts finds it economically  
 150.12 advantageous to rent or lease a building or land for any instructional purposes or for school  
 150.13 storage or furniture repair, and it determines that the operating capital revenue authorized  
 150.14 under section 126C.10, subdivision 13, is insufficient for this purpose, it may ~~apply to seek~~  
 150.15 permission from the commissioner for permission to make an additional capital expenditure  
 150.16 levy for this purpose. ~~An application for permission to levy under this subdivision must~~  
 150.17 ~~contain financial justification for the proposed levy, the terms and conditions of the~~  
 150.18 ~~proposed lease, and a description of the space to be leased and its proposed use.~~

150.19 (b) In granting permission to levy under this subdivision, the commissioner may  
 150.20 consider the financial justification for the proposed levy, the terms and conditions  
 150.21 of the proposed lease, and a description of the space to be leased and its proposed  
 150.22 use. Additional information shall be provided for consideration upon request of the  
 150.23 commissioner. The criteria for approval of applications granting permission to levy under  
 150.24 this subdivision must include: the reasonableness of the price, the appropriateness of the  
 150.25 space to the proposed activity, the feasibility of transporting pupils to the leased building  
 150.26 or land, conformity of the lease to the laws and rules of the state of Minnesota, and the  
 150.27 appropriateness of the proposed lease to the space needs and the financial condition of the  
 150.28 district. The commissioner must not authorize a levy under this subdivision in an amount  
 150.29 greater than the cost to the district of renting or leasing a building or land for approved  
 150.30 purposes. The proceeds of this levy must not be used for custodial or other maintenance  
 150.31 services. A district may not levy under this subdivision for the purpose of leasing or  
 150.32 renting a district-owned building or site to itself.

150.33 (c) For agreements finalized after July 1, 1997, a district may not levy under this  
 150.34 subdivision for the purpose of leasing: (1) a newly constructed building used primarily

151.1 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed  
151.2 building addition or additions used primarily for regular kindergarten, elementary, or  
151.3 secondary instruction that contains more than 20 percent of the square footage of the  
151.4 previously existing building.

151.5 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the  
151.6 purpose of leasing or renting a district-owned building or site to itself only if the amount  
151.7 is needed by the district to make payments required by a lease purchase agreement,  
151.8 installment purchase agreement, or other deferred payments agreement authorized by law,  
151.9 and the levy meets the requirements of paragraph (c). A levy authorized for a district by  
151.10 the commissioner under this paragraph may be in the amount needed by the district to  
151.11 make payments required by a lease purchase agreement, installment purchase agreement,  
151.12 or other deferred payments agreement authorized by law, provided that any agreement  
151.13 include a provision giving the school districts the right to terminate the agreement  
151.14 annually without penalty.

151.15 (e) The total levy under this subdivision for a district for any year must not exceed  
151.16 \$212 times the adjusted pupil units for the fiscal year to which the levy is attributable.

151.17 (f) For agreements for which a review and comment have been submitted to the  
151.18 Department of Education after April 1, 1998, the term "instructional purpose" as used in  
151.19 this subdivision excludes expenditures on stadiums.

151.20 (g) The commissioner of education may authorize a school district to exceed the  
151.21 limit in paragraph (e) if the school district petitions the commissioner for approval. The  
151.22 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)  
151.23 for not more than five years if the district meets the following criteria:

151.24 (1) the school district has been experiencing pupil enrollment growth in the  
151.25 preceding five years;

151.26 (2) the purpose of the increased levy is in the long-term public interest;

151.27 (3) the purpose of the increased levy promotes colocation of government services; and

151.28 (4) the purpose of the increased levy is in the long-term interest of the district by  
151.29 avoiding over construction of school facilities.

151.30 (h) A school district that is a member of an intermediate school district may include  
151.31 in its authority under this section the costs associated with leases of administrative and  
151.32 classroom space for intermediate school district programs. This authority must not exceed  
151.33 \$65 times the adjusted pupil units of the member districts. This authority is in addition to  
151.34 any other authority authorized under this section.

151.35 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in  
151.36 2012 to 2023, a district that is a member of the "Technology and Information Education

152.1 Systems" data processing joint board, that finds it economically advantageous to enter into  
152.2 a lease agreement to finance improvements to a building and land for a group of school  
152.3 districts or special school districts for staff development purposes, may levy for its portion  
152.4 of lease costs attributed to the district within the total levy limit in paragraph (e). The total  
152.5 levy authority under this paragraph shall not exceed \$632,000.

152.6 (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the  
152.7 purpose of leasing administrative space if the district can demonstrate to the satisfaction of  
152.8 the commissioner that the lease cost for the administrative space is no greater than the  
152.9 lease cost for instructional space that the district would otherwise lease. The commissioner  
152.10 must deny this levy authority unless the district passes a resolution stating its intent to  
152.11 lease instructional space under this section if the commissioner does not grant authority  
152.12 under this paragraph. The resolution must also certify that the lease cost for administrative  
152.13 space under this paragraph is no greater than the lease cost for the district's proposed  
152.14 instructional lease.

152.15 Sec. 2. Minnesota Statutes 2014, section 366.095, subdivision 1, is amended to read:

152.16 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates  
152.17 of indebtedness within the debt limits for a town purpose otherwise authorized by law.  
152.18 The certificates shall be payable in not more than ten years and be issued on the terms and  
152.19 in the manner as the board may determine, provided that notes issued for projects that  
152.20 eliminate R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2),  
152.21 shall be payable in not more than 20 years. If the amount of the certificates to be issued  
152.22 exceeds 0.25 percent of the estimated market value of the town, they shall not be issued  
152.23 for at least ten days after publication in a newspaper of general circulation in the town of  
152.24 the board's resolution determining to issue them. If within that time, a petition asking for  
152.25 an election on the proposition signed by voters equal to ten percent of the number of voters  
152.26 at the last regular town election is filed with the clerk, the certificates shall not be issued  
152.27 until their issuance has been approved by a majority of the votes cast on the question at  
152.28 a regular or special election. A tax levy shall be made to pay the principal and interest  
152.29 on the certificates as in the case of bonds.

152.30 Sec. 3. Minnesota Statutes 2014, section 383B.117, subdivision 2, is amended to read:

152.31 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
152.32 without public referendum, issue capital notes within existing debt limits for the purpose  
152.33 of purchasing ambulance and other medical equipment, road construction or maintenance  
152.34 equipment, public safety equipment and other capital equipment having an expected

153.1 useful life at least equal to the term of the notes issued. The notes shall be payable  
153.2 in not more than ten years and shall be issued on terms and in a manner as the board  
153.3 determines, provided that notes issued for projects that eliminate R-22, as such projects  
153.4 are defined in section 240A.09, paragraph (b), clause (2), shall be payable in not more  
153.5 than 20 years. The total principal amount of the notes issued for any fiscal year shall not  
153.6 exceed one percent of the total annual budget for that year and shall be issued solely for  
153.7 the purchases authorized in this subdivision. A tax levy shall be made for the payment  
153.8 of the principal and interest on such notes as in the case of bonds. For purposes of this  
153.9 subdivision, "equipment" includes computer hardware and software, whether bundled with  
153.10 machinery or equipment or unbundled. For purposes of this subdivision, the term "medical  
153.11 equipment" includes computer hardware and software and other intellectual property for  
153.12 use in medical diagnosis, medical procedures, research, record keeping, billing, and other  
153.13 hospital applications, together with application development services and training related  
153.14 to the use of the computer hardware and software and other intellectual property, all  
153.15 without regard to their useful life. For purposes of determining the amount of capital notes  
153.16 which the county may issue in any year, the budget of the county and Hennepin Healthcare  
153.17 System, Inc. shall be combined and the notes issuable under this subdivision shall be in  
153.18 addition to obligations issuable under section 373.01, subdivision 3.

153.19 Sec. 4. Minnesota Statutes 2014, section 410.32, is amended to read:

153.20 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

153.21 (a) Notwithstanding any contrary provision of other law or charter, a home rule  
153.22 charter city may, by resolution and without public referendum, issue capital notes subject  
153.23 to the city debt limit to purchase capital equipment.

153.24 (b) For purposes of this section, "capital equipment" means:

153.25 (1) public safety equipment, ambulance and other medical equipment, road  
153.26 construction and maintenance equipment, and other capital equipment; and

153.27 (2) computer hardware and software, whether bundled with machinery or equipment  
153.28 or unbundled, together with application development services and training related to the  
153.29 use of the computer hardware and software.

153.30 (c) The equipment or software must have an expected useful life at least as long  
153.31 as the term of the notes.

153.32 (d) The notes shall be payable in not more than ten years and be issued on terms and  
153.33 in the manner the city determines, provided that notes issued for projects that eliminate  
153.34 R-22, as such projects are defined in section 240A.09, paragraph (b), clause (2), shall be  
153.35 payable in not more than 20 years. The total principal amount of the capital notes issued

154.1 in a fiscal year shall not exceed 0.03 percent of the estimated market value of taxable  
154.2 property in the city for that year.

154.3 (e) A tax levy shall be made for the payment of the principal and interest on the  
154.4 notes, in accordance with section 475.61, as in the case of bonds.

154.5 (f) Notes issued under this section shall require an affirmative vote of two-thirds of  
154.6 the governing body of the city.

154.7 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
154.8 city may also issue capital notes subject to its debt limit in the manner and subject to the  
154.9 limitations applicable to statutory cities pursuant to section 412.301.

154.10 Sec. 5. Minnesota Statutes 2014, section 412.301, is amended to read:

154.11 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

154.12 (a) The council may issue certificates of indebtedness or capital notes subject to the  
154.13 city debt limits to purchase capital equipment.

154.14 (b) For purposes of this section, "capital equipment" means:

154.15 (1) public safety equipment, ambulance and other medical equipment, road  
154.16 construction and maintenance equipment, and other capital equipment; and

154.17 (2) computer hardware and software, whether bundled with machinery or equipment  
154.18 or unbundled, together with application development services and training related to the  
154.19 use of the computer hardware or software.

154.20 (c) The equipment or software must have an expected useful life at least as long as  
154.21 the terms of the certificates or notes.

154.22 (d) Such certificates or notes shall be payable in not more than ten years and shall  
154.23 be issued on such terms and in such manner as the council may determine, provided,  
154.24 however, that notes issued for projects that eliminate R-22, as such projects are defined in  
154.25 section 240A.09, paragraph (b), clause (2), shall be payable in not more than 20 years.

154.26 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
154.27 exceeds 0.25 percent of the estimated market value of taxable property in the city, they  
154.28 shall not be issued for at least ten days after publication in the official newspaper of  
154.29 a council resolution determining to issue them; and if before the end of that time, a  
154.30 petition asking for an election on the proposition signed by voters equal to ten percent  
154.31 of the number of voters at the last regular municipal election is filed with the clerk, such  
154.32 certificates or notes shall not be issued until the proposition of their issuance has been  
154.33 approved by a majority of the votes cast on the question at a regular or special election.

154.34 (f) A tax levy shall be made for the payment of the principal and interest on such  
154.35 certificates or notes, in accordance with section 475.61, as in the case of bonds.

155.1 Sec. 6. Minnesota Statutes 2014, section 469.034, subdivision 2, is amended to read:

155.2 Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the  
155.3 general obligation of the general jurisdiction governmental unit as additional security for  
155.4 bonds payable from income or revenues of the project or the authority. The authority  
155.5 must find that the pledged revenues will equal or exceed 110 percent of the principal and  
155.6 interest due on the bonds for each year. The proceeds of the bonds must be used for a  
155.7 qualified housing development project or projects. The obligations must be issued and  
155.8 sold in the manner and following the procedures provided by chapter 475, except the  
155.9 obligations are not subject to approval by the electors, and the maturities may extend to  
155.10 not more than 35 years for obligations sold to finance housing for the elderly and 40 years  
155.11 for other obligations issued under this subdivision. The authority is the municipality for  
155.12 purposes of chapter 475.

155.13 (b) The principal amount of the issue must be approved by the governing body of  
155.14 the general jurisdiction governmental unit whose general obligation is pledged. Public  
155.15 hearings must be held on issuance of the obligations by both the authority and the general  
155.16 jurisdiction governmental unit. The hearings must be held at least 15 days, but not more  
155.17 than 120 days, before the sale of the obligations.

155.18 (c) The maximum amount of general obligation bonds that may be issued and  
155.19 outstanding under this section equals the greater of (1) one-half of one percent of the  
155.20 estimated market value of the general jurisdiction governmental unit whose general  
155.21 obligation is pledged, or (2) ~~\$3,000,000~~ \$5,000,000. In the case of county or multicounty  
155.22 general obligation bonds, the outstanding general obligation bonds of all cities in the  
155.23 county or counties issued under this subdivision must be added in calculating the limit  
155.24 under clause (1).

155.25 (d) "General jurisdiction governmental unit" means the city in which the housing  
155.26 development project is located. In the case of a county or multicounty authority, the  
155.27 county or counties may act as the general jurisdiction governmental unit. In the case of  
155.28 a multicounty authority, the pledge of the general obligation is a pledge of a tax on the  
155.29 taxable property in each of the counties.

155.30 (e) "Qualified housing development project" means a housing development project  
155.31 providing housing either for the elderly or for individuals and families with incomes not  
155.32 greater than 80 percent of the median family income as estimated by the United States  
155.33 Department of Housing and Urban Development for the standard metropolitan statistical  
155.34 area or the nonmetropolitan county in which the project is located. The project must be  
155.35 owned for the term of the bonds either by the authority or by a limited partnership or other  
155.36 entity in which the authority or another entity under the sole control of the authority is

156.1 the sole general partner and the partnership or other entity must receive (1) an allocation  
156.2 from the Department of Management and Budget or an entitlement issuer of tax-exempt  
156.3 bonding authority for the project and a preliminary determination by the Minnesota  
156.4 Housing Finance Agency or the applicable suballocator of tax credits that the project  
156.5 will qualify for four percent low-income housing tax credits or (2) a reservation of nine  
156.6 percent low-income housing tax credits from the Minnesota Housing Finance Agency or a  
156.7 suballocator of tax credits for the project. A qualified housing development project may  
156.8 admit nonelderly individuals and families with higher incomes if:

156.9 (1) three years have passed since initial occupancy;

156.10 (2) the authority finds the project is experiencing unanticipated vacancies resulting in  
156.11 insufficient revenues, because of changes in population or other unforeseen circumstances  
156.12 that occurred after the initial finding of adequate revenues; and

156.13 (3) the authority finds a tax levy or payment from general assets of the general  
156.14 jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher  
156.15 income individuals or families are not admitted.

156.16 (f) The authority may issue bonds to refund bonds issued under this subdivision in  
156.17 accordance with section 475.67. The finding of the adequacy of pledged revenues required  
156.18 by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the  
156.19 issuance of refunding bonds. This paragraph applies to refunding bonds issued on and  
156.20 after July 1, 1992.

156.21 Sec. 7. Minnesota Statutes 2014, section 469.101, subdivision 1, is amended to read:

156.22 Subdivision 1. **Establishment.** An economic development authority may create  
156.23 and define the boundaries of economic development districts at any place or places within  
156.24 the city, except that the district boundaries must be contiguous, and may use the powers  
156.25 granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must  
156.26 hold a public hearing on the matter. At least ten days before the hearing, the authority  
156.27 shall publish notice of the hearing in a daily newspaper of general circulation in the city.  
156.28 Also, the authority shall find that an economic development district is proper and desirable  
156.29 to establish and develop within the city.

156.30 Sec. 8. Minnesota Statutes 2014, section 475.58, subdivision 3b, is amended to read:

156.31 Subd. 3b. **Street reconstruction and bituminous overlays.** (a) A municipality may,  
156.32 without regard to the election requirement under subdivision 1, issue and sell obligations  
156.33 for street reconstruction or bituminous overlays, if the following conditions are met:

157.1 (1) the streets are reconstructed or overlaid under a street reconstruction or overlay  
157.2 plan that describes the street reconstruction or overlay to be financed, the estimated costs,  
157.3 and any planned reconstruction or overlay of other streets in the municipality over the next  
157.4 five years, and the plan and issuance of the obligations has been approved by a vote of  
157.5 ~~all~~ a majority of the members of the governing body present at the meeting following a  
157.6 public hearing for which notice has been published in the official newspaper at least ten  
157.7 days but not more than 28 days prior to the hearing; and

157.8 (2) if a petition requesting a vote on the issuance is signed by voters equal to  
157.9 five percent of the votes cast in the last municipal general election and is filed with the  
157.10 municipal clerk within 30 days of the public hearing, the municipality may issue the bonds  
157.11 only after obtaining the approval of a majority of the voters voting on the question of the  
157.12 issuance of the obligations. If the municipality elects not to submit the question to the  
157.13 voters, the municipality shall not propose the issuance of bonds under this section for the  
157.14 same purpose and in the same amount for a period of 365 days from the date of receipt  
157.15 of the petition. If the question of issuing the bonds is submitted and not approved by the  
157.16 voters, the provisions of section 475.58, subdivision 1a, shall apply.

157.17 (b) Obligations issued under this subdivision are subject to the debt limit of the  
157.18 municipality and are not excluded from net debt under section 475.51, subdivision 4.

157.19 (c) For purposes of this subdivision, street reconstruction and bituminous overlays  
157.20 includes utility replacement and relocation and other activities incidental to the street  
157.21 reconstruction, turn lanes and other improvements having a substantial public safety  
157.22 function, realignments, other modifications to intersect with state and county roads, and  
157.23 the local share of state and county road projects. For purposes of this subdivision, "street  
157.24 reconstruction" includes expenditures for street reconstruction that have been incurred  
157.25 by a municipality before approval of a street reconstruction plan, if such expenditures  
157.26 are included in a street reconstruction plan approved on or before the date of the public  
157.27 hearing under paragraph (a), clause (1), regarding issuance of bonds for such expenditures.

157.28 (d) Except in the case of turn lanes, safety improvements, realignments, intersection  
157.29 modifications, and the local share of state and county road projects, street reconstruction  
157.30 and bituminous overlays does not include the portion of project cost allocable to widening  
157.31 a street or adding curbs and gutters where none previously existed.

157.32 Sec. 9. Minnesota Statutes 2014, section 475.60, subdivision 2, is amended to read:

157.33 Subd. 2. **Requirements waived.** The requirements as to public sale shall not  
157.34 apply to:

158.1 (1) obligations issued under the provisions of a home rule charter or of a law  
 158.2 specifically authorizing a different method of sale, or authorizing them to be issued in such  
 158.3 manner or on such terms and conditions as the governing body may determine;

158.4 (2) obligations sold by an issuer in an amount not exceeding the total sum of  
 158.5 \$1,200,000 in any 12-month period;

158.6 (3) obligations issued by a governing body other than a school board in anticipation  
 158.7 of the collection of taxes or other revenues appropriated for expenditure in a single year, if  
 158.8 sold in accordance with the most favorable of two or more proposals solicited privately;

158.9 (4) obligations sold to any board, department, or agency of the United States of  
 158.10 America or of the state of Minnesota, in accordance with rules or regulations promulgated  
 158.11 by such board, department, or agency;

158.12 (5) obligations issued to fund pension and retirement fund liabilities under section  
 158.13 475.52, subdivision 6, obligations issued with tender options under section 475.54,  
 158.14 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision  
 158.15 13, and any issue of obligations comprised in whole or in part of obligations bearing  
 158.16 interest at a rate or rates which vary periodically referred to in section 475.56;

158.17 (6) obligations to be issued for a purpose, in a manner, and upon terms and  
 158.18 conditions authorized by law, if the governing body of the municipality, on the advice of  
 158.19 bond counsel or special tax counsel, determines that interest on the obligations cannot be  
 158.20 represented to be excluded from gross income for purposes of federal income taxation;

158.21 (7) obligations issued in the form of an installment purchase contract, lease purchase  
 158.22 agreement, or other similar agreement;

158.23 (8) obligations sold under a bond reinvestment program; and

158.24 (9) if the municipality has retained an independent ~~financial~~ municipal advisor,  
 158.25 obligations which the governing body determines shall be sold by private negotiation.

## 158.26 ARTICLE 11

### 158.27 SUSTAINABLE FOREST INCENTIVE ACT MODIFICATIONS

158.28 Section 1. Minnesota Statutes 2014, section 290C.01, is amended to read:

#### 158.29 **290C.01 PURPOSE.**

158.30 It is the policy of this state to promote sustainable forest resource management on  
 158.31 the state's public and private lands. ~~Recognizing that~~ The state's private forests comprise  
 158.32 approximately one-half of the state forest land resources, that healthy and robust forest  
 158.33 land provides significant benefits to the state of Minnesota, and that ad. These forests  
 158.34 play a critical role in protecting water quality and soil resources, and provide extensive

159.1 wildlife habitat, diverse recreational experiences, and significant forest products that  
 159.2 support the state's economy. Ad valorem property taxes represent a significant annual  
 159.3 cost that can discourage long-term forest management investments. In order to foster  
 159.4 silviculture investments and retain these forests for their economic and ecological benefits,  
 159.5 this chapter, hereafter referred to as the "Sustainable Forest Incentive Act," is enacted  
 159.6 to encourage the state's private forest landowners to make a long-term commitment to  
 159.7 sustainable forest management.

159.8 Sec. 2. Minnesota Statutes 2014, section 290C.02, subdivision 1, is amended to read:

159.9 Subdivision 1. **Application.** When used in sections 290C.01 to ~~290C.11~~ 290C.13,  
 159.10 the terms in this section have the meanings given them.

159.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

159.12 Sec. 3. Minnesota Statutes 2014, section 290C.02, subdivision 3, is amended to read:

159.13 Subd. 3. **Claimant.** (a) "Claimant" means:

159.14 (1) a person, as that term is defined in section 290.01, subdivision 2, who owns  
 159.15 forest land in Minnesota and files an application authorized by the Sustainable Forest  
 159.16 Incentive Act;

159.17 (2) a purchaser or grantee if property enrolled in the program was sold or transferred  
 159.18 after the original application was filed and prior to the annual incentive payment being  
 159.19 made; or

159.20 (3) an owner of land previously covered by an auxiliary forest contract that  
 159.21 automatically qualifies for inclusion in the Sustainable Forest Incentive Act program  
 159.22 pursuant to section 88.49, subdivision 9a, or 88.491, subdivision 2.

159.23 ~~The purchaser or grantee must notify the commissioner in writing of the sale or~~  
 159.24 ~~transfer of the property.~~ Owners of land that qualifies for inclusion pursuant to section  
 159.25 88.49, subdivision 9a, or 88.491, subdivision 2, must notify the commissioner in writing  
 159.26 of the expiration of the auxiliary forest contract or land trade with a governmental unit  
 159.27 and submit an application to the commissioner by ~~August 15~~ July 1 in order to be eligible  
 159.28 to receive a payment by October 1 of that same year. For purposes of section 290C.11,  
 159.29 claimant also includes any person bound by the covenant required in section 290C.04.

159.30 (b) No more than one claimant is entitled to a payment under this chapter with  
 159.31 respect to any tract, parcel, or piece of land enrolled under this chapter that has been  
 159.32 assigned the same parcel identification number. When enrolled forest land is owned by  
 159.33 two or more persons, the owners must determine between them which person is eligible to  
 159.34 claim the payments provided under sections 290C.01 to 290C.11. In the case of property

160.1 sold or transferred, the former owner and the purchaser or grantee must determine between  
 160.2 them which person is eligible to claim the payments provided under sections 290C.01 to  
 160.3 290C.11. The owners, transferees, or grantees must notify the commissioner in writing  
 160.4 which person is eligible to claim the payments.

160.5 **EFFECTIVE DATE.** This section is effective for certifications and applications  
 160.6 due in 2016 and thereafter.

160.7 Sec. 4. Minnesota Statutes 2014, section 290C.02, subdivision 6, is amended to read:

160.8 Subd. 6. **Forest land.** "Forest land" means land containing a minimum of 20  
 160.9 contiguous acres for which the owner has implemented a forest management plan that was  
 160.10 prepared or updated within the past ten years by an approved plan writer. For purposes of  
 160.11 this subdivision, acres are considered to be contiguous even if they are separated by a road,  
 160.12 waterway, railroad track, or other similar intervening property. At least 50 percent of the  
 160.13 contiguous acreage must meet the definition of forest land in section 88.01, subdivision  
 160.14 7. For the purposes of sections 290C.01 to 290C.11, forest land does not include (i)  
 160.15 land used for residential or agricultural purposes, (ii) land enrolled in the reinvest in  
 160.16 Minnesota program, a state or federal conservation reserve or easement reserve program  
 160.17 under sections 103F.501 to 103F.531, the Minnesota agricultural property tax law under  
 160.18 section 273.111, or land subject to agricultural land preservation controls or restrictions  
 160.19 as defined in section 40A.02 or under the Metropolitan Agricultural Preserves Act under  
 160.20 chapter 473H, (iii) ~~land exceeding 60,000 acres that is subject to a single conservation~~  
 160.21 ~~easement funded under section 97A.056 or a comparable permanent easement conveyed~~  
 160.22 ~~to a governmental or nonprofit entity;~~ (iv) any land that becomes subject to a conservation  
 160.23 easement funded under section 97A.056 or a comparable permanent easement conveyed  
 160.24 to a governmental or nonprofit entity after May 30, 2013; or ~~(v)~~ (iv) land improved with a  
 160.25 structure, pavement, sewer, campsite, or any road, other than a township road, used for  
 160.26 purposes not prescribed in the forest management plan.

160.27 **EFFECTIVE DATE.** This section is effective for applications made in 2016 and  
 160.28 thereafter.

160.29 Sec. 5. Minnesota Statutes 2014, section 290C.03, is amended to read:

160.30 **290C.03 ELIGIBILITY REQUIREMENTS.**

160.31 (a) Land may be enrolled in the sustainable forest incentive program under this  
 160.32 chapter if all of the following conditions are met:

161.1 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the  
161.2 land must meet the definition of forest land in section 88.01, subdivision 7, during the  
161.3 enrollment;

161.4 (2) a forest management plan for the land must be prepared by an approved plan  
161.5 writer and implemented during the period in which the land is enrolled;

161.6 (3) timber harvesting and forest management guidelines must be used in conjunction  
161.7 with any timber harvesting or forest management activities conducted on the land during  
161.8 the period in which the land is enrolled;

161.9 (4) the land must be enrolled for a minimum of eight years;

161.10 (5) there are no delinquent property taxes on the land; ~~and~~

161.11 (6) claimants enrolling more than 1,920 acres or enrolling any land that is subject  
161.12 to a conservation easement funded under section 97A.056, or a comparable permanent  
161.13 easement conveyed to a governmental or nonprofit entity in the sustainable forest incentive  
161.14 program must allow year-round, nonmotorized access to fish and wildlife resources and  
161.15 motorized access on established and maintained roads and trails, unless the road or trail is  
161.16 temporarily closed for safety, natural resource, or road damage reasons on enrolled land  
161.17 except within one-fourth mile of a permanent dwelling or during periods of high fire  
161.18 hazard as determined by the commissioner of natural resources;

161.19 (7) the claimant has registered with the forest management plan under clause (2)  
161.20 with the commissioner of natural resources, who has determined that the land meets  
161.21 qualifications for enrollment; and

161.22 (8) the land is not classified as class 2c managed forest land.

161.23 (b) Claimants required to allow access under paragraph (a), clause (6), do not by  
161.24 that action:

161.25 (1) extend any assurance that the land is safe for any purpose;

161.26 (2) confer upon the person the legal status of an invitee or licensee to whom a duty  
161.27 of care is owed; or

161.28 (3) assume responsibility for or incur liability for any injury to the person or property  
161.29 caused by an act or omission of the person.

161.30 (c) The commissioner of natural resources shall annually provide county assessors  
161.31 verification information regarding plan registration under paragraph (a), clause (7), on  
161.32 a timely basis.

161.33 (d) A minimum of three acres must be excluded from enrolled land when the land is  
161.34 improved with a structure that is not a minor, ancillary, nonresidential structure.

161.35 (e) If land does not meet the definition of forest land in section 290C.02, subdivision  
161.36 6, because the land is: (1) enrolled in the reinvest in Minnesota program; (2) enrolled in

162.1 a state or federal conservation reserve or easement program under sections 103F.501 to  
 162.2 103F.531; (3) subject to the Minnesota agricultural property tax under section 273.111; or  
 162.3 (4) subject to agricultural land preservation controls or restrictions as defined in section  
 162.4 40A.02, or the Metropolitan Agricultural Preserves Act under chapter 473H, the entire tax  
 162.5 parcel that contains the land is not eligible to be enrolled in the program.

162.6 **EFFECTIVE DATE.** This section is effective for certifications and applications  
 162.7 due in 2016 and thereafter.

162.8 Sec. 6. Minnesota Statutes 2014, section 290C.04, is amended to read:

162.9 **290C.04 APPLICATIONS.**

162.10 (a) A landowner may apply to enroll forest land for the sustainable forest incentive  
 162.11 program under this chapter. The claimant must complete, sign, and submit an application  
 162.12 to the commissioner by September 30 in order for the land to become eligible beginning  
 162.13 in the next year. The application shall be on a form prescribed by the ~~commissioner~~  
 162.14 commissioners of revenue and natural resources and must include the information the  
 162.15 commissioner deems necessary. At a minimum, the application must show the following  
 162.16 information for the land and the claimant: (i) the claimant's Social Security number or  
 162.17 state or federal business tax registration number and date of birth, (ii) the claimant's  
 162.18 address, (iii) the claimant's signature, (iv) the county's parcel identification numbers for  
 162.19 the tax parcels that completely contain the claimant's forest land that is sought to be  
 162.20 enrolled, (v) the number of acres eligible for enrollment in the program, (vi) the approved  
 162.21 plan writer's signature and identification number, ~~and~~ (vii) proof, in a form specified by the  
 162.22 commissioner, that the claimant has executed and acknowledged in the manner required  
 162.23 by law for a deed, and recorded, a covenant that the land is not and shall not be developed  
 162.24 in a manner inconsistent with the requirements and conditions of this chapter, and (viii) a  
 162.25 registration number for the forest management plan, issued by the commissioner of natural  
 162.26 resources. The covenant shall state in writing that the covenant is binding on the claimant  
 162.27 and the claimant's successor or assignee, and that it runs with the land for a period of not  
 162.28 less than eight years unless the claimant requests termination of the covenant after a  
 162.29 reduction in payments due to changes in the payment formula under section 290C.07. The  
 162.30 commissioner shall specify the form of the covenant and provide copies upon request.  
 162.31 The covenant must include a legal description that encompasses all the forest land that the  
 162.32 claimant wishes to enroll under this section or the certificate of title number for that land if  
 162.33 it is registered land. The commissioner of natural resources shall record the area eligible

163.1 for enrollment into the Sustainable Forest Incentive Act as electronic geospatial data, as  
 163.2 defined in section 16E.30, subdivision 10.

163.3 (b) The commissioner shall provide a copy of the application filed by the claimant  
 163.4 and all supporting materials to the commissioner of natural resources within 15 days of  
 163.5 receipt or by September 1, whichever is sooner. The commissioner of natural resources  
 163.6 must notify the commissioner whether the applicant qualifies for enrollment within 30  
 163.7 days of receipt, and if the applicant qualifies for enrollment, the commissioner of natural  
 163.8 resources shall specify the number of qualifying acres per tax parcel.

163.9 ~~(b) In all cases,~~ (c) The commissioner shall notify the claimant within 90 days after  
 163.10 receipt of a completed application that either the land has or has not been approved for  
 163.11 enrollment. A claimant whose application is denied may appeal the denial as provided  
 163.12 in section 290C.13.

163.13 ~~(e)~~ (d) Within 90 days after the denial of an application, or within 90 days after the  
 163.14 final resolution of any appeal related to the denial, the commissioner shall execute and  
 163.15 acknowledge a document releasing the land from the covenant required under this chapter.  
 163.16 The document must be mailed to the claimant and is entitled to be recorded.

163.17 ~~(d)~~ (e) The Social Security numbers collected from individuals under this section are  
 163.18 private data as provided in section 13.355. The federal business tax registration number  
 163.19 and date of birth data collected under this section are also private data on individuals or  
 163.20 nonpublic data, as defined in section 13.02, subdivisions 9 and 12, but may be shared  
 163.21 with county assessors for purposes of tax administration and with county treasurers for  
 163.22 purposes of the revenue recapture under chapter 270A.

163.23 **EFFECTIVE DATE.** This section is effective for certifications and applications  
 163.24 due in 2016 and thereafter.

163.25 Sec. 7. Minnesota Statutes 2014, section 290C.05, is amended to read:

163.26 **290C.05 ANNUAL CERTIFICATION AND MONITORING.**

163.27 (a) On or before July 1 May 15 of each year, beginning with the year after the  
 163.28 original claimant has received an approved application, the commissioner shall send each  
 163.29 claimant enrolled under the sustainable forest incentive program a certification form. For  
 163.30 purposes of this section, the original claimant is the person that filed the first application  
 163.31 under section 290C.04 to enroll the land in the program current property owner on record,  
 163.32 or the person designated by the owners in the case of multiple ownership. The claimant  
 163.33 must sign and return the certification, attesting to the commissioner by July 1 of that  
 163.34 same year, and (1) attest that the requirements and conditions for continued enrollment

164.1 in the program are currently being met, and ~~must return the signed certification form to~~  
 164.2 ~~the commissioner by August 15 of that same year~~ (2) provide a report in the form and  
 164.3 manner determined by the commissioner of natural resources describing the management  
 164.4 practices that have been carried out on the enrolled property during the prior year. If the  
 164.5 claimant does not return an annual certification form by the due date, the provisions  
 164.6 in section 290C.11 apply. The commissioner of natural resources will verify that the  
 164.7 claimant meets program requirements.

164.8 (b) The commissioner must provide the certification form and annual report described  
 164.9 in paragraph (a), clause (2), to the commissioner of natural resources by August 1.

164.10 (c) The commissioner of natural resources must conduct annual monitoring  
 164.11 of a subset of claimants, excluding land also enrolled in a conservation easement  
 164.12 program. Claimants will be selected for monitoring based on reported violations, annual  
 164.13 certification, and random selections. Monitoring will be conducted on ten percent of  
 164.14 claimants as of July 1 of each year. Monitoring may include, but is not limited to, a site  
 164.15 visit by a department of natural resources or a contracted forester. The commissioner of  
 164.16 natural resources will develop a monitoring form to record the monitoring data.

164.17 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective for certifications and  
 164.18 applications due in 2016 and thereafter. Paragraph (c) is effective July 1, 2018.

164.19 Sec. 8. Minnesota Statutes 2014, section 290C.055, is amended to read:

164.20 **290C.055 LENGTH OF COVENANT.**

164.21 (a) The covenant remains in effect for a minimum of eight years Claimants enrolling  
 164.22 any land that is subject to a conservation easement funded under section 97A.056 or a  
 164.23 comparable permanent easement conveyed to a governmental or nonprofit entity must  
 164.24 enroll their land under a covenant with a minimum duration of eight years. All other  
 164.25 claimants may choose to enroll their land under a covenant with a minimum duration of  
 164.26 eight, 20, or 50 years. If land is removed the claimant requests removal from the program  
 164.27 before it has been enrolled for four years half the number of years of the covenant's  
 164.28 duration, the covenant remains in effect for eight years the entire duration of the covenant  
 164.29 from the date recorded.

164.30 (b) If land that has been enrolled for four years half the number of years of the  
 164.31 covenant's minimum duration or more is removed from the program for any reason, there  
 164.32 is a waiting period before the covenant terminates. The covenant terminates on January 1  
 164.33 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year minimum covenant,  
 164.34 respectively, that begins after the date that:

165.1 (1) the commissioner receives notification from the claimant that the claimant wishes  
165.2 to remove the land from the program under section 290C.10; or

165.3 (2) the date that the land is removed from the program under section 290C.11.

165.4 (c) Notwithstanding the other provisions of this section, the covenant is terminated:

165.5 (1) at the same time that the land is removed from the program due to acquisition of  
165.6 title or possession for a public purpose under section 290C.10; or

165.7 (2) at the request of the claimant after a reduction in payments due to changes in the  
165.8 payment formula under section 290C.07.

165.9 **EFFECTIVE DATE.** This section is effective for certifications and applications in  
165.10 2016 and thereafter.

165.11 Sec. 9. Minnesota Statutes 2014, section 290C.07, is amended to read:

165.12 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

165.13 An approved claimant under the sustainable forest incentive program is eligible to  
165.14 receive an annual payment for each acre of enrolled land. The payment shall equal \$7  
165.15 ~~per acre for each acre enrolled in the sustainable forest incentive program~~ a percentage of  
165.16 the property tax that would be paid on the land determined by using the previous year's  
165.17 statewide average total tax rate for all taxes levied within townships or unorganized  
165.18 territories, the estimated market value per acre as calculated in section 290C.06, and  
165.19 a class rate of one percent as follows: (1) for claimants enrolling land that is subject  
165.20 to a conservation easement funded under section 97A.056 or a comparable permanent  
165.21 easement conveyed to a governmental or nonprofit entity before May 31, 2013, under an  
165.22 eight-year covenant, 25 percent; (2) for claimants enrolling land that is not subject to  
165.23 a conservation easement under an eight-year covenant, 65 percent; (3) for claimants  
165.24 enrolling land that is not subject to a conservation easement under a 20-year covenant, 90  
165.25 percent; and (4) for claimants enrolling land that is not subject to a conservation easement  
165.26 under a 50-year covenant, 115 percent. The calculated payment shall not be less than the  
165.27 payment received in 2016 and shall not increase or decrease by more than ten percent  
165.28 relative to the payment received for the previous year.

165.29 **EFFECTIVE DATE.** This section is effective for calculations made in 2016 and  
165.30 thereafter.

165.31 Sec. 10. Minnesota Statutes 2014, section 290C.08, subdivision 1, is amended to read:

165.32 Subdivision 1. **Annual payment.** An incentive payment for each acre of enrolled  
165.33 land will be made annually to each claimant in the amount determined under section

166.1 290C.07. By September 15 of each year, the commissioner of natural resources will  
166.2 certify to the commissioner the eligibility of each claimant to receive a payment. The  
166.3 incentive payment shall be paid by the commissioner on or before October 1 each year  
166.4 based on the certifications due August 15 July 1 of that year. Interest at the annual rate  
166.5 determined under section 270C.40 shall be included with any incentive payment not  
166.6 paid by the later of October 1 of the year the certification was due, or 45 days after the  
166.7 completed certification was returned or filed if the commissioner accepts a certification  
166.8 filed after August 15 July 1 of the taxes payable year as the resolution of an appeal.

166.9 **EFFECTIVE DATE.** This section is effective for certifications and applications  
166.10 due in 2016 and thereafter.

166.11 Sec. 11. Minnesota Statutes 2014, section 290C.10, is amended to read:

166.12 **290C.10 WITHDRAWAL PROCEDURES.**

166.13 ~~An approved claimant~~ (a) The current owner of land enrolled under the sustainable  
166.14 forest incentive program for a minimum of ~~four years~~ half the number of years of the  
166.15 covenant's minimum duration may notify the commissioner of the intent to terminate  
166.16 enrollment. Within 90 days of receipt of notice to terminate enrollment, the commissioner  
166.17 shall inform the claimant in writing, acknowledging receipt of this notice and indicating  
166.18 the effective date of termination from the sustainable forest incentive program.  
166.19 Termination of enrollment in the sustainable forest incentive program occurs on January 1  
166.20 of the fifth, 11th, or 26th calendar year for the eight-, 20-, or 50-year respective minimum  
166.21 covenant that begins after receipt by the commissioner of the termination notice. After the  
166.22 commissioner issues an effective date of termination, a claimant wishing to continue the  
166.23 land's enrollment in the sustainable forest incentive program beyond the termination date  
166.24 must apply for enrollment as prescribed in section 290C.04. A claimant who withdraws  
166.25 a parcel of land from this program may not reenroll the parcel for a period of three  
166.26 years. Within 90 days after the termination date, the commissioner shall execute and  
166.27 acknowledge a document releasing the land from the covenant required under this chapter.  
166.28 The document must be mailed to the claimant and is entitled to be recorded.

166.29 (b) Notwithstanding paragraph (a), on request of the claimant, the commissioner may  
166.30 allow early withdrawal from the Sustainable Forest Incentive Act without penalty when the  
166.31 state of Minnesota, any local government unit, or any other entity which has the power of  
166.32 eminent domain acquires title or possession to the land for a public purpose ~~notwithstanding~~  
166.33 ~~the provisions of this section.~~ In the case of such an eligible acquisition under this

167.1 paragraph, the commissioner shall execute and acknowledge a document releasing the  
167.2 land acquired by the state, local government unit, or other entity from the covenant.

167.3 (c) Notwithstanding paragraph (a), on request of the claimant, the commissioner  
167.4 shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty  
167.5 when the government or nonprofit entity acquires a permanent conservation easement  
167.6 on the enrolled property and the conservation easement is at least as restrictive as the  
167.7 covenant required under section 290C.04. The commissioner of natural resources must  
167.8 notify the commissioner of lands acquired under this paragraph that are eligible for  
167.9 withdrawal. In the case of an eligible easement acquisition under this paragraph, the  
167.10 commissioner shall execute and acknowledge a document releasing the land subject to  
167.11 the easement from the covenant.

167.12 (d) Notwithstanding paragraph (a), on request of the claimant, the commissioner  
167.13 shall allow early withdrawal from the Sustainable Forest Incentive Act without penalty for  
167.14 land that is subject to fee or easement acquisition or lease to the state of Minnesota or a  
167.15 political subdivision of the state for the public purpose of a paved trail. The commissioner  
167.16 of natural resources must notify the commissioner of lands acquired under this paragraph  
167.17 that are eligible for withdrawal. In the case of an eligible fee or easement acquisition or  
167.18 lease under this paragraph, the commissioner shall execute and acknowledge a document  
167.19 releasing the land subject to fee or easement acquisition or lease by the state or political  
167.20 subdivision of the state.

167.21 (e) All other enrolled land must remain in the program.

167.22 **EFFECTIVE DATE.** Paragraphs (c) and (d) are effective the day following final  
167.23 enactment. Paragraphs (a), (b), and (e) are effective for notifications made in 2016 and  
167.24 thereafter.

167.25 Sec. 12. **[290C.101] TRANSFER OF OWNERSHIP.**

167.26 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
167.27 have the meanings provided.

167.28 (b) "New owner" means a prospective purchaser or grantee.

167.29 (c) "Owner" means a grantor or seller.

167.30 Subd. 2. **Notification to commissioner.** (a) An owner must notify the commissioner  
167.31 if the owner transfers any or all of the owner's land enrolled in the sustainable forest  
167.32 incentive program to one or more new owners within 60 days of the transfer of title to the  
167.33 property. The notification must include the legal descriptions of the transferred property,  
167.34 the tax parcel numbers, and the name and address of the new owner. If transfer of ownership  
167.35 is a result of the death of the claimant, the provisions of section 290C.12 shall apply.

168.1 (b) Upon notification, the commissioner shall inform the new owner of the  
 168.2 restrictions of the covenant required by section 290C.04 and the withdrawal procedures  
 168.3 under section 290C.10. In order for the new owner to receive payments pursuant to this  
 168.4 chapter, the new owner must file an application and register a new forest management plan  
 168.5 with the commissioner of natural resources within two years from the date the title of the  
 168.6 property was transferred to remain eligible.

168.7 Subd. 3. **Termination of enrollment.** The commissioner will terminate enrollment  
 168.8 according to the procedure in section 290C.10 for failure of the new owner to register a  
 168.9 forest management plan within the time period in subdivision 2, paragraph (b).

168.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

168.11 Sec. 13. Minnesota Statutes 2014, section 290C.11, is amended to read:

168.12 **290C.11 PENALTIES FOR REMOVAL.**

168.13 (a) If the commissioner determines that land enrolled in the sustainable forest  
 168.14 incentive program is in violation of the conditions for enrollment as specified in section  
 168.15 290C.03, or upon notification by the commissioner of natural resources that land enrolled  
 168.16 is in violation of the conditions for enrollment, the commissioner shall notify the ~~claimant~~  
 168.17 current owner of the land of the intent to remove all the tax parcel of the enrolled land  
 168.18 where the violation has occurred from the sustainable forest incentive program. The  
 168.19 penalties described under paragraph (c) shall apply. The ~~claimant~~ current owner has 60  
 168.20 days to appeal this determination under the provisions of section 290C.13.

168.21 (b) If the commissioner determines the land is to be removed from the sustainable  
 168.22 forest incentive program due to the construction or addition of an improvement to the  
 168.23 property, the ~~claimant~~ owner of the tax parcel that is in violation is liable for payment  
 168.24 to the commissioner in the amount equal to : (1) the payments ~~received~~ issued related to  
 168.25 the enrolled tax parcel under this chapter for the previous four-year period in the case of  
 168.26 an eight-year minimum covenant, ten-year period in the case of a 20-year minimum  
 168.27 covenant, and 25-year period in the case of a 50-year minimum covenant, plus interest;  
 168.28 and (2) 25 percent of the estimated market value of the property as reclassified under  
 168.29 section 273.13 due to the structure being on the tax parcel, as determined by the assessor.

168.30 (c) If the commissioner of natural resources determines that the land is used for  
 168.31 purposes other than forestry purposes, the commissioner of natural resources shall notify  
 168.32 the commissioner of revenue, who shall notify the current owner of the tax parcel that is in  
 168.33 violation that the current owner is liable to the commissioner in an amount equal to: (1) 30  
 168.34 percent of the estimated market value as property reclassified under section 273.13, due to

169.1 the change in use, as determined by the assessor; and (2) the payments issued related to  
169.2 the enrolled tax parcel under this chapter for the previous four-year period in the case of  
169.3 an eight-year covenant, ten-year period in the case of a 20-year covenant, and 25-year  
169.4 period in the case of a 50-year covenant, plus interest.

169.5 (d) The claimant has 90 days to satisfy the payment for removal of land from the  
169.6 sustainable forest incentive program under this section. If the penalty is not paid within  
169.7 the 90-day period under this paragraph, the commissioner shall certify the amount to the  
169.8 county auditor for collection as a part of the general ad valorem real property taxes on the  
169.9 land in the following taxes payable year.

169.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

169.11 Sec. 14. Minnesota Statutes 2014, section 290C.13, subdivision 6, is amended to read:

169.12 Subd. 6. **Determination of appeal.** On the basis of applicable law and available  
169.13 information, the commissioner shall determine the validity, if any, in whole or in part,  
169.14 of the appeal and notify the claimant of the decision. This notice must be in writing  
169.15 and contain the basis for the determination. The commissioner shall consult with the  
169.16 commissioner of natural resources when an appeal relates to the use of the property for  
169.17 forestry or nonforestry purposes and for appeals related to forest management plans.

169.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

169.19 Sec. 15. **SUSTAINABLE FOREST INCENTIVE ACT; TRANSITION**

169.20 **PROVISION.**

169.21 (a) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2015, the  
169.22 owner of enrolled lands may elect through May 15, 2017, and without penalty, to change  
169.23 the length of a covenant, if eligible, under Minnesota Statutes, section 290C.055. The  
169.24 owner of enrolled land must provide notice to the Department of Revenue of its intent to  
169.25 change the length of its covenant.

169.26 (b) For lands enrolled in the Sustainable Forest Incentive Act on May 15, 2015, the  
169.27 owner of enrolled land must comply with the changes made in the act by certifications due  
169.28 in 2017, as required under Minnesota Statutes, section 290C.05.

169.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

169.30 Sec. 16. **REPEALER.**

169.31 Minnesota Statutes 2014, sections 290C.02, subdivisions 5 and 9, are repealed.

170.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

170.2 **ARTICLE 12**

170.3 **MISCELLANEOUS**

170.4 Section 1. Minnesota Statutes 2014, section 16A.152, subdivision 2, is amended to read:

170.5 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general  
170.6 fund revenues and expenditures, the commissioner of management and budget determines  
170.7 that there will be a positive unrestricted budgetary general fund balance at the close of  
170.8 the biennium, the commissioner of management and budget must allocate money to the  
170.9 following accounts and purposes in priority order:

170.10 (1) the cash flow account established in subdivision 1 until that account reaches  
170.11 \$350,000,000;

170.12 (2) the budget reserve account established in subdivision 1a until that account  
170.13 reaches ~~\$810,992,000~~ \$994,339,000;

170.14 (3) the amount necessary to increase the aid payment schedule for school district  
170.15 aids and credits payments in section 127A.45 to not more than 90 percent rounded to the  
170.16 nearest tenth of a percent without exceeding the amount available and with any remaining  
170.17 funds deposited in the budget reserve; and

170.18 (4) the amount necessary to restore all or a portion of the net aid reductions under  
170.19 section 127A.441 and to reduce the property tax revenue recognition shift under section  
170.20 123B.75, subdivision 5, by the same amount.

170.21 (b) The amounts necessary to meet the requirements of this section are appropriated  
170.22 from the general fund within two weeks after the forecast is released or, in the case of  
170.23 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations  
170.24 schedules otherwise established in statute.

170.25 (c) The commissioner of management and budget shall certify the total dollar  
170.26 amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of  
170.27 education. The commissioner of education shall increase the aid payment percentage and  
170.28 reduce the property tax shift percentage by these amounts and apply those reductions to  
170.29 the current fiscal year and thereafter.

170.30 **EFFECTIVE DATE.** This section is effective July 1, 2015.

170.31 Sec. 2. Minnesota Statutes 2014, section 16A.152, subdivision 8, is amended to read:

170.32 Subd. 8. **Report on budget reserve percentage.** (a) The commissioner of  
170.33 management and budget shall develop and annually review a methodology for evaluating

171.1 the adequacy of the budget reserve based on the volatility of Minnesota's general fund  
 171.2 tax structure. The review must take into consideration relevant statistical and economic  
 171.3 literature. After completing the review, the commissioner may revise the methodology  
 171.4 if necessary. The commissioner must use the methodology to annually estimate the  
 171.5 percentage of the current biennium's general fund nondedicated revenues recommended  
 171.6 as a budget reserve.

171.7 (b) By ~~January 15~~ August 31 of each year, the commissioner shall report the  
 171.8 percentage of the current biennium's general fund nondedicated revenue that is  
 171.9 recommended as a budget reserve to the chairs and ranking minority members of the  
 171.10 ~~legislative committees with jurisdiction over the Department of Management and Budget~~  
 171.11 senate committee on finance, the house of representatives committee on ways and means,  
 171.12 and the senate and house of representatives committees on taxes. The report must also  
 171.13 specify:

171.14 (1) whether the commissioner revised the recommendation as a result of significant  
 171.15 changes in the mix of general fund taxes or the base of one or more general fund taxes;

171.16 (2) whether the commissioner revised the recommendation as a result of a revision  
 171.17 to the methodology; and

171.18 (3) any additional appropriate information.

171.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

171.20 Sec. 3. Minnesota Statutes 2014, section 271.08, subdivision 1, is amended to read:

171.21 Subdivision 1. **Written order.** The Tax Court, except in Small Claims Division,  
 171.22 shall determine every appeal by written order containing findings of fact and the decision  
 171.23 of the tax court. A memorandum of the grounds of the decision shall be appended. Notice  
 171.24 of the entry of the order and of the substance of the decision shall be mailed to all parties.  
 171.25 A motion for rehearing, which includes a motion for amended findings of fact, conclusions  
 171.26 of law, or a new trial, must be served by the moving party within ~~15~~ 30 days after mailing  
 171.27 of the notice by the court as specified in this subdivision, and the motion must be heard  
 171.28 within ~~30~~ 60 days thereafter, unless the time for hearing is extended by the court within  
 171.29 the ~~30-day~~ 60-day period for good cause shown.

171.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

171.31 Sec. 4. Minnesota Statutes 2014, section 271.21, subdivision 2, is amended to read:

171.32 Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division  
 171.33 shall have jurisdiction only in the following matters:

- 172.1 (a) cases involving valuation, assessment, or taxation of real or personal property, if:
- 172.2 (i) the issue is a denial of a current year application for the homestead classification
- 172.3 for the taxpayer's property;
- 172.4 (ii) only one parcel is included in the petition, the entire parcel is classified as
- 172.5 homestead class 1a or 1b under section 273.13, and the parcel contains no more than
- 172.6 one dwelling unit;
- 172.7 (iii) the entire property is classified as agricultural homestead class 2a or 1b under
- 172.8 section 273.13; or
- 172.9 (iv) the assessor's estimated market value of the property included in the petition
- 172.10 is less than \$300,000; or
- 172.11 (b) any case not involving valuation, assessment, or taxation of real and personal
- 172.12 property in which the amount in controversy does not exceed ~~\$5,000~~ \$15,000, including
- 172.13 penalty and interest.

172.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

172.15 Sec. 5. Minnesota Statutes 2014, section 296A.01, subdivision 12, is amended to read:

172.16 Subd. 12. **Compressed natural gas or CNG.** "Compressed natural gas" or "CNG"

172.17 means natural gas, primarily methane, condensed under high pressure and stored in

172.18 specially designed storage tanks at between 2,000 and 3,600 pounds per square inch.

172.19 For purposes of this chapter, the energy content of CNG is considered to be ~~1,000~~ 900

172.20 BTUs per cubic foot.

172.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after

172.22 June 30, 2015.

172.23 Sec. 6. Minnesota Statutes 2014, section 296A.01, is amended by adding a subdivision

172.24 to read:

172.25 Subd. 13a. **Dealer of gasoline used as a substitute for aviation gasoline.** "Dealer

172.26 of gasoline used as a substitute for aviation gasoline" means any person who sells gasoline

172.27 on the premises of an airport as defined under section 360.013, subdivision 39, to be

172.28 dispensed directly into the fuel tank of an aircraft.

172.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after

172.30 June 30, 2015.

172.31 Sec. 7. Minnesota Statutes 2014, section 296A.07, subdivision 4, is amended to read:

173.1 Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or  
 173.2 denatured ethanol purchased by:

173.3 (1) a transit system or transit provider receiving financial assistance or  
 173.4 reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384;

173.5 (2) providers of transportation to recipients of medical assistance home and  
 173.6 community-based services waivers enrolled in day programs, including adult day care,  
 173.7 family adult day care, day treatment and habilitation, prevocational services, and  
 173.8 structured day services;

173.9 (3) an ambulance service licensed under chapter 144E;

173.10 (4) providers of medical or dental services by a federally qualified health center,  
 173.11 as defined under title 19 of the Social Security Act, as amended by Section 4161 of the  
 173.12 Omnibus Budget Reconciliation Act of 1990, with a motor vehicle used exclusively as a  
 173.13 mobile medical unit; ~~or~~

173.14 (5) a licensed distributor to be delivered to a terminal for use in blending; or

173.15 (6) a dealer of gasoline used as a substitute for aviation gasoline.

173.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 173.17 June 30, 2015.

173.18 Sec. 8. Minnesota Statutes 2014, section 296A.08, subdivision 2, is amended to read:

173.19 Subd. 2. **Rate of tax.** The special fuel excise tax is imposed at the following rates:

173.20 (a) Liquefied petroleum gas or propane is taxed at the rate of 18.75 cents per gallon.

173.21 (b) Liquefied natural gas is taxed at the rate of 15 cents per gallon.

173.22 (c) Compressed natural gas is taxed at the rate of ~~\$2.174~~ \$1.974 per thousand cubic  
 173.23 feet; or 25 cents per gasoline equivalent. For purposes of this paragraph, "gasoline  
 173.24 equivalent," as defined by the National Conference on Weights and Measures, is 5.66  
 173.25 pounds of natural gas or 126.67 cubic feet.

173.26 (d) All other special fuel is taxed at the same rate as the gasoline excise tax as  
 173.27 specified in section 296A.07, subdivision 2. The tax is payable in the form and manner  
 173.28 prescribed by the commissioner.

173.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
 173.30 June 30, 2015.

173.31 Sec. 9. Minnesota Statutes 2014, section 296A.09, subdivision 1, is amended to read:

173.32 Subdivision 1. **Gasoline tax imposed.** Subject to any refunds or credits there is  
 173.33 imposed an excise tax, at the rate of five cents per gallon on all aviation gasoline received,

174.1 sold, stored, or withdrawn from storage in this state and on all gasoline used as a substitute  
174.2 for aviation gasoline. Aviation gasoline is defined in section 296A.01, subdivision 7.

174.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
174.4 June 30, 2015.

174.5 Sec. 10. Minnesota Statutes 2014, section 296A.09, subdivision 3, is amended to read:

174.6 Subd. 3. **Exception to tax for aviation use.** The provisions of subdivisions 1 and 2  
174.7 do not apply to gasoline used as a substitute for aviation gasoline, aviation gasoline or  
174.8 special fuel purchased and placed in the fuel tanks of an aircraft outside the state, even  
174.9 though the gasoline may be consumed within this state.

174.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
174.11 June 30, 2015.

174.12 Sec. 11. Minnesota Statutes 2014, section 296A.09, subdivision 5, is amended to read:

174.13 Subd. 5. **Tax not on consumption.** The taxes imposed by subdivisions 1 and 2 are  
174.14 expressly declared not to be a tax upon consumption of gasoline used as a substitute for  
174.15 aviation gasoline, aviation gasoline or special fuel by an aircraft.

174.16 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
174.17 June 30, 2015.

174.18 Sec. 12. Minnesota Statutes 2014, section 296A.09, subdivision 6, is amended to read:

174.19 Subd. 6. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to  
174.20 gasoline used as a substitute for aviation gasoline, aviation gasoline or jet fuel purchased  
174.21 by an ambulance service licensed under chapter 144E.

174.22 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
174.23 June 30, 2015.

174.24 Sec. 13. Minnesota Statutes 2014, section 296A.15, subdivision 1, is amended to read:

174.25 Subdivision 1. **Monthly gasoline report; shrinkage allowance.** (a) Except  
174.26 as provided in paragraph (e), on or before the 23rd day of each month, every person  
174.27 who is required to pay a gasoline tax shall file with the commissioner a report, in the  
174.28 form and manner prescribed by the commissioner, showing the number of gallons of  
174.29 petroleum products received by the reporter during the preceding calendar month, and  
174.30 other information the commissioner may require. A written report is deemed to have

175.1 been filed as required in this subdivision if postmarked on or before the 23rd day of the  
175.2 month in which the tax is payable.

175.3 (b) The number of gallons of gasoline must be reported in United States standard  
175.4 liquid gallons, 231 cubic inches, except that the commissioner may upon written  
175.5 application and for cause shown permit the distributor to report the number of gallons of  
175.6 gasoline as corrected to a temperature of 60-degrees Fahrenheit. If the application is  
175.7 granted, all gasoline covered in the application and allowed by the commissioner must  
175.8 continue to be reported by the distributor on the adjusted basis for a period of one year  
175.9 from the date of the granting of the application. The number of gallons of petroleum  
175.10 products other than gasoline must be reported as originally invoiced. Each report must  
175.11 show separately the number of gallons of aviation gasoline received by the reporter during  
175.12 each calendar month and the number of gallons of gasoline sold to a dealer of gasoline  
175.13 used as a substitute for aviation fuel during each calendar month.

175.14 (c) Each report must also include the amount of gasoline tax on gasoline received by  
175.15 the reporter during the preceding month. In computing the tax a deduction of 2.5 percent  
175.16 of the quantity of gasoline received by a distributor shall be made for evaporation and loss.  
175.17 At the time of reporting, the reporter shall submit satisfactory evidence that one-third of  
175.18 the 2.5 percent deduction has been credited or paid to dealers on quantities sold to them.

175.19 (d) Each report shall contain a confession of judgment for the amount of the tax  
175.20 shown due to the extent not timely paid.

175.21 (e) Under certain circumstances and with the approval of the commissioner,  
175.22 taxpayers may be allowed to file reports annually.

175.23 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
175.24 June 30, 2015.

175.25 Sec. 14. Minnesota Statutes 2014, section 296A.15, subdivision 4, is amended to read:

175.26 Subd. 4. **Failure to use or sell for intended purpose; report required.** (a) Any  
175.27 person who buys gasoline from a dealer of gasoline used as a substitute for aviation  
175.28 gasoline, or buys aviation gasoline or special fuel for aircraft use and who has paid the  
175.29 excise taxes due directly or indirectly through the amount of the tax being included in the  
175.30 price, or otherwise, and uses said gasoline or special fuel in motor vehicles or knowingly  
175.31 sells it to any person for use in motor vehicles shall, on or before the 23rd day of the month  
175.32 following that in which such gasoline or special fuel was so used or sold, report the fact of  
175.33 the use or sale to the commissioner in the form and manner prescribed by the commissioner.

175.34 (b) Any person who buys gasoline other than aviation gasoline and who has paid the  
175.35 motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being

176.1 included in the price of the gasoline, or otherwise, who knowingly sells such gasoline to any  
176.2 person to be used for the purpose of producing or generating power for propelling aircraft,  
176.3 or who receives, stores, or withdraws from storage gasoline to be used for that purpose,  
176.4 shall, on or before the 23rd day of the month following that in which such gasoline was so  
176.5 sold, stored, or withdrawn from storage, report the fact of the sale, storage, or withdrawal  
176.6 from storage to the commissioner in the form and manner prescribed by the commissioner.

176.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
176.8 June 30, 2015.

176.9 Sec. 15. Minnesota Statutes 2014, section 296A.17, subdivision 1, is amended to read:

176.10 Subdivision 1. **Aviation refund requirements.** Any person claiming to be entitled  
176.11 to any refund or credit provided for in subdivision 3 shall receive the refund or credit  
176.12 upon filing with the commissioner a claim in such form and manner prescribed by the  
176.13 commissioner. The claim shall set forth, among other things, the total number of gallons  
176.14 of gasoline used as a substitute for aviation gasoline, aviation gasoline or special fuel  
176.15 for aircraft use upon which the claimant has directly or indirectly paid the excise tax  
176.16 provided for in this chapter, during the calendar year, which has been received, stored, or  
176.17 withdrawn from storage by the claimant in this state and not sold or otherwise disposed of  
176.18 to others. All claims for refunds under this subdivision shall be made on or before April  
176.19 30 following the end of the calendar year for which the refund is claimed.

176.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
176.21 June 30, 2015.

176.22 Sec. 16. Minnesota Statutes 2014, section 296A.17, subdivision 2, is amended to read:

176.23 Subd. 2. **Claim for refund; aviation tax.** (a) Any person who buys gasoline used  
176.24 as a substitute for aviation gasoline, aviation gasoline or special fuel for aircraft use and  
176.25 who has paid the excise taxes directly or indirectly through the amount of the tax being  
176.26 included in the price, or otherwise, who does not use it in motor vehicles or receive, sell,  
176.27 store, or withdraw it from storage for the purpose of producing or generating power for  
176.28 propelling aircraft, shall be reimbursed and repaid the amount of the tax paid upon filing  
176.29 with the commissioner a claim in the form and manner prescribed by the commissioner.  
176.30 The claim shall state the total amount of the gasoline used as a substitute for aviation  
176.31 gasoline, aviation gasoline or special fuel for aircraft use purchased and used by the  
176.32 applicant, and shall state when and for what purpose it was used. On being satisfied that  
176.33 the claimant is entitled to payment, the commissioner shall approve the claim and transmit

177.1 it to the commissioner of management and budget. The postmark on the envelope in  
177.2 which a written claim is mailed determines the date of filing.

177.3 (b) If a claim contains an error in preparation in computation or preparation, the  
177.4 commissioner is authorized to adjust the claim in accordance with the evidence shown on  
177.5 the claim or other information available to the commissioner.

177.6 (c) An applicant who files a claim that is false or fraudulent, is subject to the  
177.7 penalties provided in section 296A.23 for knowingly and willfully making a false claim.

177.8 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
177.9 June 30, 2015.

177.10 Sec. 17. Minnesota Statutes 2014, section 296A.17, subdivision 3, is amended to read:

177.11 Subd. 3. **Refund on graduated basis.** Any person who has directly or indirectly  
177.12 paid the excise tax on gasoline used as a substitute for aviation gasoline, aviation gasoline  
177.13 or special fuel for aircraft use provided for by this chapter and either paid the airflight  
177.14 property tax under section 270.072 or is an aerial applicator with a category B, general  
177.15 aerial license, under section 18B.33, shall, as to all such gasoline used as a substitute for  
177.16 aviation gasoline, aviation gasoline and special fuel received, stored, or withdrawn from  
177.17 storage by the person in this state in any calendar year and not sold or otherwise disposed  
177.18 of to others, or intended for sale or other disposition to others, on which such tax has been  
177.19 so paid, be entitled to the following graduated reductions in such tax for that calendar  
177.20 year, to be obtained by means of the following refunds:

177.21 (1) on each gallon of ~~such~~ gasoline used as a substitute for aviation gasoline, aviation  
177.22 gasoline or special fuel up to 50,000 gallons, all but five cents per gallon;

177.23 (2) on each gallon of ~~such~~ gasoline used as a substitute for aviation gasoline, aviation  
177.24 gasoline or special fuel above 50,000 gallons and not more than 150,000 gallons, all  
177.25 but two cents per gallon;

177.26 (3) on each gallon of ~~such~~ gasoline used as a substitute for aviation gasoline, aviation  
177.27 gasoline or special fuel above 150,000 gallons and not more than 200,000 gallons, all  
177.28 but one cent per gallon;

177.29 (4) on each gallon of ~~such~~ gasoline used as a substitute for aviation gasoline, aviation  
177.30 gasoline or special fuel above 200,000, all but one-half cent per gallon.

177.31 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
177.32 June 30, 2015.

177.33 Sec. 18. Minnesota Statutes 2014, section 296A.18, subdivision 1, is amended to read:

178.1 Subdivision 1. **Intent; gasoline use.** All gasoline received in this state and all  
178.2 gasoline produced in or brought into this state except aviation gasoline, gasoline sold to a  
178.3 dealer of gasoline used as a substitute for aviation gasoline, and marine gasoline shall be  
178.4 determined to be intended for use in motor vehicles in this state.

178.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
178.6 June 30, 2015.

178.7 Sec. 19. Minnesota Statutes 2014, section 296A.18, subdivision 8, is amended to read:

178.8 Subd. 8. **Airports.** The revenues derived from the excise taxes on gasoline used  
178.9 as a substitute for aviation gasoline, aviation gasoline and on special fuel received, sold,  
178.10 stored, or withdrawn from storage as substitutes for aviation gasoline, shall be paid into  
178.11 the state treasury and credited to the state airports fund. There is hereby appropriated such  
178.12 sums as are needed to carry out the provisions of this subdivision.

178.13 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
178.14 June 30, 2015.

178.15 Sec. 20. Minnesota Statutes 2014, section 296A.19, subdivision 1, is amended to read:

178.16 Subdivision 1. **Retention.** All distributors, dealers, special fuel dealers, bulk  
178.17 purchasers, dealers of gasoline used as a substitute for aviation gasoline, and all users of  
178.18 special fuel shall keep a true and accurate record of all purchases, transfers, sales, and use  
178.19 of petroleum products and special fuel, including copies of all sales tickets issued, in a form  
178.20 and manner approved by the commissioner, and shall retain all such records for 3-1/2 years.

178.21 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
178.22 June 30, 2015.

178.23 Sec. 21. Minnesota Statutes 2014, section 297A.994, subdivision 4, is amended to read:

178.24 Subd. 4. **General fund allocations.** The commissioner must retain and deposit to  
178.25 the general fund the following amounts, as required by subdivision 3, clause (3):

178.26 (1) for state bond debt service support beginning in calendar year 2021, and for each  
178.27 calendar year thereafter through calendar year 2046, periodic amounts so that not later than  
178.28 December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been  
178.29 deposited in the general fund. To determine aggregate present value, the commissioner  
178.30 must consult with the commissioner of management and budget regarding the present value  
178.31 dates, discount rate or rates, and schedules of annual amounts. The present value date or  
178.32 dates must be based on the date or dates bonds are sold under section 16A.965, or the date

179.1 or dates other state funds, if any, are deposited into the construction fund. The discount rate  
179.2 or rates must be based on the true interest cost of the bonds issued under section 16A.965,  
179.3 or an equivalent 30-year bond index, as determined by the commissioner of management  
179.4 and budget. The schedule of annual amounts must be certified to the commissioner by the  
179.5 commissioner of management and budget and the finance officer of the city;

179.6 (2) for the capital improvement reserve appropriation to the Minnesota Sports  
179.7 Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter  
179.8 through calendar year 2046, an aggregate annual amount equal to the amount paid by the  
179.9 state for this purpose in that calendar year under section 473J.13, subdivision 4;

179.10 (3) for the operating expense appropriation to the Minnesota Sports Facilities  
179.11 Authority beginning in calendar year 2021, and for each calendar year thereafter through  
179.12 calendar year 2046, an aggregate annual amount equal to the amount paid by the state for  
179.13 this purpose in that calendar year under section 473J.13, subdivision 2;

179.14 (4) for recapture of state advances for capital improvements and operating expenses  
179.15 for calendar years 2016 through 2020 beginning in calendar year 2021, and for each  
179.16 calendar year thereafter until all amounts under this clause have been paid, proportionate  
179.17 amounts periodically until an aggregate amount equal to the present value of all amounts  
179.18 paid by the state have been deposited in the general fund. To determine the present  
179.19 value of the amounts paid by the state to the authority and the present value of amounts  
179.20 deposited to the general fund under this clause, the commissioner shall consult with the  
179.21 commissioner of management and budget regarding the present value dates, discount rate  
179.22 or rates, and schedule of annual amounts. The present value dates must be based on  
179.23 the dates state funds are paid to the authority, or the dates the commissioner of revenue  
179.24 deposits taxes for purposes of this clause to the general fund. The discount rates must be  
179.25 based on the reasonably equivalent cost of state funds as determined by the commissioner  
179.26 of management and budget. The schedule of annual amounts must be revised to reflect  
179.27 amounts paid under section 473J.13, subdivision 2, paragraph (b), for 2016 to 2020,  
179.28 and subdivision 4, paragraph (c), for 2016 to 2020, and taxes deposited to the general  
179.29 fund from time to time under this clause, and the schedule and revised schedules must  
179.30 be certified to the commissioner by the commissioner of management and budget and  
179.31 the finance officer of the city, and are transferred as accrued from the general fund for  
179.32 repayment of advances made by the state to the authority; and

179.33 (5) to capture increases in taxes imposed under the special law, for the benefit of  
179.34 the Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each  
179.35 calendar year thereafter through 2046, there shall be deposited to the general fund in  
179.36 proportionate periodic payments in the following year, an amount equal to the following:

180.1 (i) 50 percent of the difference, if any, by which the amount of the net annual taxes  
 180.2 for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus  
 180.3 \$1,000,000, inflated at two percent per year since 2011, minus

180.4 (ii) 25 percent of the difference, if any, by which the amount of the net annual taxes  
 180.5 for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus  
 180.6 \$3,000,000, inflated at two percent per year since 2011; and

180.7 (iii) of the amounts determined under items (i) and (ii), a total of \$2,700,000 shall  
 180.8 be used to offset taxes paid by the NFL and its employees in connection with a world  
 180.9 championship football game sponsored by the NFL played at the stadium.

180.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

180.11 Sec. 22. **[383B.83] LIMITS ON RAILROAD CONDEMNATION POWERS**  
 180.12 **OVER CERTAIN GOVERNMENTAL PROPERTY INTERESTS.**

180.13 Notwithstanding anything to the contrary in chapter 117, sections 222.26, 222.27,  
 180.14 and 222.36, or any other law, the powers of a foreign or domestic railroad corporation or a  
 180.15 railroad company or a railroad interest acting as a public service corporation or a common  
 180.16 carrier do not include the power to exercise eminent domain over a property interest of  
 180.17 Hennepin County, the Hennepin County Housing and Redevelopment Authority, or the  
 180.18 Hennepin County Regional Railroad Authority if the governmental power, by resolution  
 180.19 of its governing board, determines based on specific findings that the public safety or  
 180.20 access of first responders would be substantially and adversely affected by the exercise.

180.21 **EFFECTIVE DATE.** This section is effective retroactively from March 2, 2015,  
 180.22 and applies to any eminent domain action to acquire any property interest of any of the  
 180.23 named entities.

180.24 Sec. 23. **[465.95] BROADBAND SERVICE PUBLIC-PRIVATE PARTNERSHIPS.**

180.25 Subdivision 1. Local authority; broadband service. (a) A local unit of government  
 180.26 may finance, acquire, and construct broadband equipment.

180.27 (b) Local units of government and broadband joint powers boards, authorized under  
 180.28 subdivision 3, are authorized to partner or contract with a private provider or cooperative  
 180.29 to finance, acquire and construct the broadband equipment. For purposes of this section, a  
 180.30 "local unit of government" means a statutory city, a home rule charter city, or county.

180.31 Subd. 2. Local authority; broadband infrastructure bonding. (a) Each local  
 180.32 unit of government may authorize the issuance of general obligation bonds to provide  
 180.33 funds for the acquisition or betterment of its broadband infrastructure, or for refunding

181.1 any outstanding bonds issued for that purpose. Bonds may only be issued by the local  
181.2 unit upon obtaining the approval of a majority of the electors voting on the question of  
181.3 issuing the obligations.

181.4 (b) The proceeds of the bonds may also be used, in part, to establish a reserve as  
181.5 further security for the payment of the principal and interest of the bonds when due.

181.6 (c) The local unit of government may pledge its full faith, credit, and taxing powers,  
181.7 or the proceeds of any designated tax levies, or the gross or net revenues or charges to  
181.8 be derived from any broadband service operated for the local unit of government, or any  
181.9 combination thereof. Taxes levied for the payment of the bonds and interest shall not reduce  
181.10 the amounts of other taxes which the local unit of government is authorized by law to levy.

181.11 (d) Bonds issued under this section may be sold at public or private sale upon the terms  
181.12 and conditions the local unit of government determines. Except as otherwise provided, the  
181.13 bonds shall be issued and sold in accordance with the provisions of chapter 475.

181.14 Subd. 3. **Broadband joint powers board.** (a) A local unit of government may enter  
181.15 into an agreement under section 471.59 with other local units of government to finance,  
181.16 acquire, and construct broadband equipment in the territory within the jurisdiction of all  
181.17 participating local units of government.

181.18 (b) An agreement entered into under this section may provide that:

181.19 (1) each local unit of government shall issue bonds to pay their respective shares of  
181.20 the cost of the broadband projects;

181.21 (2) one of the local units of government shall issue bonds to pay the full costs of the  
181.22 project and the other participating local units of government shall levy the tax authorized  
181.23 under this subdivision and pledge the collections of the tax to the local unit of government  
181.24 that issues the bonds; or

181.25 (3) the joint powers board shall issue revenue bonds to pay the full costs of the  
181.26 project and the participating local units of government shall levy the tax authorized  
181.27 under this subdivision and pledge the collections of the tax to the joint powers entity for  
181.28 payment of the revenue bonds.

181.29 Bonds may only be issued by the local unit under this subdivision upon obtaining  
181.30 the approval of a majority of the electors voting on the question of issuing the obligations.

181.31 Subd. 4. **Exemption.** Section 237.19 does not apply to broadband activities under  
181.32 this section.

181.33 Subd. 5. **Applicability.** Subdivisions 2 and 3 apply only when a local unit of  
181.34 government partners or enters into an agreement with a private provider or cooperative to  
181.35 operate and maintain broadband service and equipment.

182.1 Subd. 6. **Additional authority.** This section is in addition to and does not limit  
 182.2 any other authority of a local unit of government to engage in the activities authorized  
 182.3 by this section.

182.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

182.5 Sec. 24. Minnesota Statutes 2014, section 469.169, is amended by adding a subdivision  
 182.6 to read:

182.7 Subd. 20. **Additional border city allocations; 2015.** In addition to the tax  
 182.8 reductions authorized in subdivisions 12 to 19, the commissioner shall allocate \$2,000,000  
 182.9 for tax reductions to border city enterprise zones in cities located on the western border of  
 182.10 the state. The commissioner shall allocate this amount among cities on a per capita basis.  
 182.11 Allocations made under this subdivision may be used for tax reductions under sections  
 182.12 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted  
 182.13 by businesses located in the enterprise zone, but only if the municipality determines  
 182.14 that the granting of the tax reduction or offset is necessary to retain a business within  
 182.15 or attract a business to the zone.

182.16 **EFFECTIVE DATE.** This section is effective July 1, 2015.

182.17 Sec. 25. Minnesota Statutes 2014, section 469.40, subdivision 11, as amended by Laws  
 182.18 2015, chapter 1, section 6, is amended to read:

182.19 Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means  
 182.20 a project financed in part or in whole with public money in order to support the medical  
 182.21 business entity's development plans, as identified in the DMCC development plan. A  
 182.22 public infrastructure project may:

182.23 (1) acquire real property and other assets associated with the real property;

182.24 (2) demolish, repair, or rehabilitate buildings;

182.25 (3) remediate land and buildings as required to prepare the property for acquisition  
 182.26 or development;

182.27 (4) install, construct, or reconstruct elements of public infrastructure required to  
 182.28 support the overall development of the destination medical center development district  
 182.29 including, but not limited to, streets, roadways, utilities systems and related facilities,  
 182.30 utility relocations and replacements, network and communication systems, streetscape  
 182.31 improvements, drainage systems, sewer and water systems, subgrade structures and  
 182.32 associated improvements, landscaping, façade construction and restoration, wayfinding  
 182.33 and signage, and other components of community infrastructure;

183.1 (5) acquire, construct or reconstruct, and equip parking facilities and other facilities  
 183.2 to encourage intermodal transportation and public transit;

183.3 (6) install, construct or reconstruct, furnish, and equip parks, cultural, and  
 183.4 recreational facilities, facilities to promote tourism and hospitality, conferencing and  
 183.5 conventions, and broadcast and related multimedia infrastructure;

183.6 (7) make related site improvements including, without limitation, excavation,  
 183.7 earth retention, soil stabilization and correction, and site improvements to support the  
 183.8 destination medical center development district;

183.9 (8) prepare land for private development and to sell or lease land;

183.10 (9) provide costs of relocation benefits to occupants of acquired properties; and

183.11 (10) construct and equip all or a portion of one or more suitable structures on land  
 183.12 owned by the city for sale or lease to private development; provided, however, that the  
 183.13 portion of any structure directly financed by the city as a public infrastructure project must  
 183.14 not be sold or leased to a medical business entity.

183.15 (b) A public infrastructure project is not a business subsidy under section 116J.993.

183.16 (c) Public infrastructure project includes the planning, preparation, and modification  
 183.17 of the development plan under section 469.43, and. The cost of that planning, preparation,  
 183.18 and any modification is a capital cost of the public infrastructure project.

183.19 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 183.20 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
 183.21 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of  
 183.22 the laws that are amended.

183.23 Sec. 26. Minnesota Statutes 2014, section 469.43, is amended by adding a subdivision  
 183.24 to read:

183.25 **Subd. 6a. Restriction on city funds to support nonprofit economic development**  
 183.26 **agency.** The nonprofit economic development agency shall not require the city to pay  
 183.27 any amounts to the nonprofit economic development agency that are unrelated to public  
 183.28 infrastructure project costs.

183.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 183.30 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
 183.31 645.021, subdivisions 2 and 3, and applies retroactively from June 22, 2013.

183.32 Sec. 27. Minnesota Statutes 2014, section 469.45, subdivision 1, is amended to read:

184.1 Subdivision 1. **Rochester, other local taxes authorized.** (a) Notwithstanding  
184.2 section 477A.016 or any other contrary provision of law, ordinance, or city charter, and in  
184.3 addition to any taxes the city may impose on these transactions under another statute or  
184.4 law, the city of Rochester may, by ordinance, impose at a rate or rates, determined by the  
184.5 city, any of the following taxes:

184.6 (1) a tax on the gross receipts from the furnishing for consideration of lodging and  
184.7 related services as defined in section 297A.61, subdivision 3, paragraph (g), clause (2); the  
184.8 city may choose to impose a differential tax based on the number of rooms in the facility;

184.9 (2) a tax on the gross receipts of food and beverages sold primarily for consumption  
184.10 on the premises by restaurants and places of refreshment that occur in the city of  
184.11 Rochester; the city may elect to impose the tax in a defined district of the city; and

184.12 (3) a tax on the admission receipts to entertainment and recreational facilities, as  
184.13 defined by ordinance, in the city of Rochester.

184.14 (b) The provisions of section 297A.99, subdivisions 4 to 13, govern the  
184.15 administration, collection, and enforcement of any tax imposed by the city under  
184.16 paragraph (a).

184.17 (c) The proceeds of any taxes imposed under this subdivision, less refunds and  
184.18 costs of collection, must be used by the city only to meet its share of obligations for  
184.19 public infrastructure projects contained in the development plan and approved by the  
184.20 corporation, including any associated financing costs or to pay any other costs qualifying  
184.21 as a local matching contribution under section 469.47, subdivision 4. Any tax imposed  
184.22 under paragraph (a) expires at the earlier of December 31, 2049, or when the city council  
184.23 determines that sufficient funds have been raised from the tax plus all other local funding  
184.24 sources authorized in Laws 2013, chapter 143, article 10, to meet the city obligation for  
184.25 financing public infrastructure projects contained in the development plan and approved  
184.26 by the corporation, including any associated financing costs.

184.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
184.28 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
184.29 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of  
184.30 the laws that are amended.

184.31 Sec. 28. Minnesota Statutes 2014, section 469.45, subdivision 2, is amended to read:

184.32 Subd. 2. **General sales tax authority.** The city may elect to extend the existing  
184.33 local sales and use tax under Laws 2013, chapter 143, article 10, section 13, or to impose  
184.34 an additional rate of up to one quarter of one percent tax on sales and use under Laws  
184.35 2013, chapter 143, article 10, section 11. The proceeds of any extended or additional taxes

185.1 imposed under this subdivision, less refunds and costs of collection, must be used by the  
185.2 city only to meet its share of obligations for public infrastructure projects contained in the  
185.3 development plan and approved by the corporation, including all financing costs. Revenues  
185.4 collected in any year to meet the obligations must be used for payment of obligations or  
185.5 expenses for public infrastructure projects approved by the corporation or of any other  
185.6 costs qualifying as a local matching contribution under section 469.47, subdivision 4.

185.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
185.8 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
185.9 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of  
185.10 the laws that are amended.

185.11 Sec. 29. Minnesota Statutes 2014, section 469.47, subdivision 4, as amended by Laws  
185.12 2015, chapter 1, section 10, is amended to read:

185.13 Subd. 4. **General aid; local matching contribution.** In order to qualify for general  
185.14 state infrastructure aid, the city must enter a written agreement with the commissioner that  
185.15 requires the city to make a qualifying local matching contribution to pay for \$128,000,000  
185.16 of the cost of public infrastructure projects approved by the corporation, including  
185.17 financing costs, using funds other than state aid received under this section. Through June  
185.18 30, 2020, the \$128,000,000 required local matching contribution is reduced by one-half of  
185.19 the any amounts the city pays for operating and administrative costs out of funds other  
185.20 than state aid received under this section for the support, administration, or operations of  
185.21 the corporation and the economic development agency up to a maximum amount agreed  
185.22 to by the board and the city. These amounts include any costs the city incurs in providing  
185.23 services, goods, or other support to the corporation or agency. Beginning on July 1,  
185.24 2020, the required local matching contribution is reduced by one-half of the amounts  
185.25 the city pays for support, operating, and administrative costs of the corporation up to a  
185.26 maximum amount agreed to by the board and the city. The agreement must provide for the  
185.27 manner, timing, and amounts of the city contributions, including the city's commitment  
185.28 for each year. Notwithstanding any law to the contrary, the agreement may provide that  
185.29 the city contributions for public infrastructure project principal costs may be made over a  
185.30 20-year period at a rate not greater than \$1 from the city for each \$2.55 from the state.  
185.31 The local match contribution may be provided by the city from any source identified in  
185.32 section 469.45 and any other local tax proceeds or other funds from the city and may  
185.33 include providing funds to prepare the development plan, to assist developers undertaking  
185.34 projects in accordance with the development plan, or by the city directly undertaking  
185.35 public infrastructure projects in accordance with the development plan, provided the

186.1 projects have been approved by the corporation. City contributions that are in excess of  
 186.2 this ratio carry forward and are credited toward subsequent years. The commissioner and  
 186.3 city may agree to amend the agreement at any time in light of new information or other  
 186.4 appropriate factors. The city may enter into arrangements with the county to pay for or  
 186.5 otherwise meet the local matching contribution requirement. Any public infrastructure  
 186.6 project within the area that will be in the destination medical center development district  
 186.7 whose implementation is started or funded by the city after June 22, 2013, but before the  
 186.8 development plan is adopted, as provided by section 469.43, subdivision 1, will be included  
 186.9 for the purposes of determining the amount the city has contributed as required by this  
 186.10 section and the agreement with the commissioner, subject to approval by the corporation.

186.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
 186.12 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section  
 186.13 645.021, subdivisions 2 and 3, and applies retroactively to the original effective dates of  
 186.14 the laws that are amended.

186.15 Sec. 30. Minnesota Statutes 2014, section 524.3-916, is amended to read:

186.16 **524.3-916 APPORTIONMENT OF ESTATE TAXES AND**  
 186.17 **GENERATION-SKIPPING TAX.**

186.18 (a) For purposes of this section:

186.19 (1) "estate" means the gross estate of a decedent as determined for the purpose of  
 186.20 federal estate tax or the estate tax payable to this state;

186.21 (2) "decedent's generation-skipping transfers" means all generation-skipping transfers  
 186.22 as determined for purposes of the federal generation-skipping tax which occur by reason  
 186.23 of the decedent's death which relate to property which is included in the decedent's estate;

186.24 (3) "person" means any individual, partnership, association, joint stock company,  
 186.25 corporation, limited liability company, government, political subdivision, governmental  
 186.26 agency, or local governmental agency;

186.27 (4) "person interested in the estate" means any person entitled to receive, or who has  
 186.28 received, from a decedent or by reason of the death of a decedent any property or interest  
 186.29 therein included in the decedent's estate. It includes a personal representative, guardian,  
 186.30 conservator, trustee, and custodian;

186.31 (5) "state" means any state, territory, or possession of the United States, the District  
 186.32 of Columbia, and the Commonwealth of Puerto Rico;

187.1 (6) "estate tax" means the federal estate tax and the state estate tax determined by the  
 187.2 commissioner of revenue pursuant to chapter 291 and interest and penalties imposed in  
 187.3 addition to the tax;

187.4 (7) "decendent's generation-skipping tax" means the federal generation-skipping  
 187.5 tax imposed on the decendent's generation-skipping transfers and interest and penalties  
 187.6 imposed in addition to the tax;

187.7 (8) "fiduciary" means personal representative or trustee.

187.8 (b) ~~Unless the will or other governing instrument otherwise provides:~~ Any tax  
 187.9 occasioned by a decendent's death shall be apportioned as set forth in clauses (1) to (4).

187.10 (1) ~~the Estate tax taxes~~ shall be apportioned among all persons interested in the  
 187.11 estate. The apportionment is to be made in the proportion that the value of the interest of  
 187.12 each person interested in the estate bears to the total value of the interests of all persons  
 187.13 interested in the estate. The values used in determining the tax are to shall be used for  
 187.14 that purpose; and in apportioning the tax.

187.15 (2) Notwithstanding the general rule set forth in clause (1), if property is included in  
 187.16 the decendent's gross estate pursuant to section 2044 of the Internal Revenue Code of 1986,  
 187.17 as amended, or any similar provision of any state estate tax law, the difference between the  
 187.18 total estate tax payable by the decendent's estate and the amount of estate tax that would  
 187.19 have been payable by the decendent's estate if the property had not been included in the  
 187.20 decendent's gross estate shall be apportioned ratably among the holders of interests in the  
 187.21 property. The values used in determining the tax shall be used in apportioning the tax. The  
 187.22 balance of the tax, if any, shall be apportioned as provided in clause (1).

187.23 (3) The decendent's generation-skipping tax shall be apportioned as provided by  
 187.24 federal law. To the extent not provided by federal law, the decendent's generation-skipping  
 187.25 tax shall be apportioned among all persons receiving the decendent's generation-skipping  
 187.26 transfers whose tax apportionment is not provided by federal law in the proportion that the  
 187.27 value of the transfer to each person bears to the total value of all such transfers.

187.28 (4) If the decendent's will or other written instrument directs a method of  
 187.29 apportionment of estate tax or of the decendent's generation-skipping tax different from  
 187.30 the ~~method~~ methods described in this section, the method described in the will or other  
 187.31 written instrument ~~controls~~ shall control; provided, however, that:

187.32 (i) unless the decendent's will or other written instrument specifically indicates an  
 187.33 intent to waive any right of recovery under section 2207A of the Internal Revenue Code of  
 187.34 1986, as amended, estate taxes on property described in clause (2) must be apportioned  
 187.35 under the method described in ~~this section to property included in the decendent's estate~~  
 187.36 ~~under section 2044 of the Internal Revenue Code of 1986, as amended~~ clause (2); and

188.1 (ii) unless the decedent's will or other written instrument specifically indicates an  
188.2 intent to waive any right of recovery under section 2207B of the Internal Revenue Code of  
188.3 1986, as amended, estate taxes ~~must be apportioned under the method described in this~~  
188.4 ~~section to~~ on property included in the decedent's estate under section 2036 of the Internal  
188.5 Revenue Code of 1986, as amended, must be apportioned under the method described  
188.6 in clause (1).

188.7 (c)(1) The court in which venue lies for the administration of the estate of a decedent,  
188.8 on petition for the purpose may determine the apportionment of the estate tax or of the  
188.9 decedent's generation-skipping tax.

188.10 (2) If the court finds that it is inequitable to apportion interest and penalties in  
188.11 the manner provided in subsection (b), because of special circumstances, it may direct  
188.12 apportionment thereof in the manner it finds equitable.

188.13 (3) If the court finds that the assessment of penalties and interest assessed in relation  
188.14 to the estate tax or the decedent's generation-skipping tax is due to delay caused by the  
188.15 negligence of the fiduciary, the court may charge the fiduciary with the amount of the  
188.16 assessed penalties and interest.

188.17 (4) In any action to recover from any person interested in the estate the amount of  
188.18 the estate tax or of the decedent's generation-skipping tax apportioned to the person in  
188.19 accordance with this section the determination of the court in respect thereto shall be  
188.20 prima facie correct.

188.21 (d)(1) The personal representative or other person in possession of the property  
188.22 of the decedent required to pay the estate tax or the decedent's generation-skipping tax  
188.23 may withhold from any property distributable to any person interested in the estate,  
188.24 upon its distribution, the amount of any taxes attributable to the person's interest. If the  
188.25 property in possession of the personal representative or other person required to pay any  
188.26 taxes and distributable to any person interested in the estate is insufficient to satisfy the  
188.27 proportionate amount of the taxes determined to be due from the person, the personal  
188.28 representative or other person required to pay any taxes may recover the deficiency from  
188.29 the person interested in the estate. If the property is not in the possession of the personal  
188.30 representative or the other person required to pay any taxes, the personal representative or  
188.31 the other person required to pay any taxes may recover from any person interested in the  
188.32 estate the amount of any taxes apportioned to the person in accordance with this section.

188.33 (2) If property held by the personal representative or other person in possession  
188.34 of the property of the decedent required to pay the estate tax or the decedent's  
188.35 generation-skipping tax is distributed prior to final apportionment of the estate tax or  
188.36 the decedent's generation-skipping tax, the distributee shall provide a bond or other

189.1 security for the apportionment liability in the form and amount prescribed by the personal  
189.2 representative or other person, as the case may be.

189.3 (e)(1) In making an apportionment, allowances shall be made for any exemptions  
189.4 granted, any classification made of persons interested in the estate and for any deductions  
189.5 and credits allowed by the law imposing the tax.

189.6 (2) Any exemption or deduction allowed by reason of the relationship of any person  
189.7 to the decedent, by reason of the purposes of the gift, or by allocation to the gift (either  
189.8 by election by the fiduciary or by operation of federal law), inures to the benefit of the  
189.9 person bearing such relationship or receiving the gift; but if an interest is subject to a prior  
189.10 present interest which is not allowable as a deduction, the tax apportionable against the  
189.11 present interest shall be paid from principal.

189.12 (3) Any deduction for property previously taxed and any credit for gift taxes or  
189.13 death taxes of a foreign country paid by the decedent or the decedent's estate inures to the  
189.14 proportionate benefit of all persons liable to apportionment.

189.15 (4) Any credit for inheritance, succession or estate taxes or taxes in the nature  
189.16 thereof applicable to property or interests includable in the estate, inures to the benefit of  
189.17 the persons or interests chargeable with the payment thereof to the extent proportionately  
189.18 that the credit reduces the tax.

189.19 (5) To the extent that property passing to or in trust for a surviving spouse or any  
189.20 charitable, public or similar gift or devise is not an allowable deduction for purposes of  
189.21 the estate tax solely by reason of an estate tax imposed upon and deductible from the  
189.22 property, the property is not included in the computation provided for in subsection (b)(1)  
189.23 hereof, and to that extent no apportionment is made against the property. The sentence  
189.24 immediately preceding does not apply to any case if the result would be to deprive the  
189.25 estate of a deduction otherwise allowable under section 2053(d) of the Internal Revenue  
189.26 Code of 1986, as amended, of the United States, relating to deduction for state death taxes  
189.27 on transfers for public, charitable, or religious uses.

189.28 (f) No interest in income and no estate for years or for life or other temporary interest  
189.29 in any property or fund is subject to apportionment as between the temporary interest  
189.30 and the remainder. The estate tax on the temporary interest and the estate tax, if any, on  
189.31 the remainder is chargeable against the corpus of the property or funds subject to the  
189.32 temporary interest and remainder. The decedent's generation-skipping tax is chargeable  
189.33 against the property which constitutes the decedent's generation-skipping transfer.

189.34 (g) Neither the personal representative nor other person required to pay the tax is  
189.35 under any duty to institute any action to recover from any person interested in the estate  
189.36 the amount of the estate tax or of the decedent's generation-skipping tax apportioned to the

190.1 person until the final determination of the tax. A personal representative or other person  
190.2 required to pay the estate tax or decedent's generation-skipping tax who institutes the  
190.3 action within a reasonable time after final determination of the tax is not subject to any  
190.4 liability or surcharge because any portion of the tax apportioned to any person interested  
190.5 in the estate was collectible at a time following the death of the decedent but thereafter  
190.6 became uncollectible. If the personal representative or other person required to pay the  
190.7 estate tax or decedent's generation-skipping tax cannot collect from any person interested  
190.8 in the estate the amount of the tax apportioned to the person, the amount not recoverable  
190.9 shall be equitably apportioned among the other persons interested in the estate who are  
190.10 subject to apportionment of the tax involved.

190.11 (h) A personal representative acting in another state or a person required to pay the  
190.12 estate tax or decedent's generation-skipping tax domiciled in another state may institute an  
190.13 action in the courts of this state and may recover a proportionate amount of the federal  
190.14 estate tax, of an estate tax payable to another state or of a death duty due by a decedent's  
190.15 estate to another state, or of the decedent's generation-skipping tax, from a person  
190.16 interested in the estate who is either domiciled in this state or who owns property in this  
190.17 state subject to attachment or execution. For the purposes of the action the determination  
190.18 of apportionment by the court having jurisdiction of the administration of the decedent's  
190.19 estate in the other state is prima facie correct.

190.20 Sec. 31. **ADMINISTRATIVE APPROPRIATIONS.**

190.21 (a) \$300,000 in fiscal year 2017 is appropriated from the general fund to the  
190.22 commissioner of natural resources for administering this act. The funding base for this  
190.23 appropriation in fiscal year 2018 and thereafter is \$200,000.

190.24 (b) \$1,000,000 in fiscal year 2016 and \$700,000 in fiscal year 2017 are appropriated  
190.25 from the general fund to the commissioner of revenue for administering this act. The  
190.26 funding base for this appropriation in fiscal year 2018 and thereafter is \$600,000.

190.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

190.28 Sec. 32. **REPEALER.**

190.29 (a) Minnesota Statutes 2014, section 3.192, is repealed.

190.30 (b) Minnesota Rules, part 8125.1300, subpart 3, is repealed.

190.31 **EFFECTIVE DATE.** Paragraph (a) is effective retroactively from January 1, 2014.

190.32 Paragraph (b) is effective the day following final enactment.

191.1

**ARTICLE 13**

191.2

**DEPARTMENT POLICY AND TECHNICAL PROVISIONS - INCOME,  
CORPORATE FRANCHISE, AND ESTATE TAXES**

191.3

191.4 Section 1. Minnesota Statutes 2014, section 289A.08, subdivision 11, is amended to  
191.5 read:

191.6 Subd. 11. **Information included in income tax return.** (a) The return must state:

191.7 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the  
191.8 address of the taxpayer in the same name or names and same address as the taxpayer has  
191.9 used in making the taxpayer's income tax return to the United States;

191.10 (2) the date or dates of birth of the taxpayer or taxpayers;

191.11 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security  
191.12 number has been issued by the United States with respect to the taxpayers; and

191.13 (4) the amount of the taxable income of the taxpayer as it appears on the federal  
191.14 return for the taxable year to which the Minnesota state return applies.

191.15 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return  
191.16 a copy of the federal income tax return that the taxpayer has filed or is about to file for  
191.17 the period, ~~unless the taxpayer is eligible to telefile the federal return and does file the~~  
191.18 ~~Minnesota return by telefiling.~~

191.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

191.20 Sec. 2. Minnesota Statutes 2014, section 289A.08, subdivision 16, is amended to read:

191.21 Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee**

191.22 **imposed.** (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision  
191.23 13, paragraph (f), who is a tax return preparer for purposes of section 6011(e) of the  
191.24 Internal Revenue Code, and who reasonably expects to prepare more than ten Minnesota  
191.25 individual income, corporate franchise, S corporation, partnership, or fiduciary income tax  
191.26 returns for the prior ~~calendar~~ year must file all Minnesota individual income, corporate  
191.27 franchise, S corporation, partnership, or fiduciary income tax returns prepared for that  
191.28 ~~calendar~~ year by electronic means.

191.29 (b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return  
191.30 that the taxpayer did not want the return filed by electronic means.

191.31 (c) For each return that is not filed electronically by a tax refund or return preparer  
191.32 under this subdivision, including returns filed under paragraph (b), a paper filing fee  
191.33 of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same

192.1 manner as income tax. The fee does not apply to returns that the commissioner requires  
192.2 to be filed in paper form.

192.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
192.4 December 31, 2014.

192.5 Sec. 3. Minnesota Statutes 2014, section 289A.09, subdivision 2, is amended to read:

192.6 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold  
192.7 from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision  
192.8 2, or who would have been required to deduct and withhold a tax under section 290.92,  
192.9 subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision  
192.10 2, determined without regard to section 290.92, subdivision 19, if the employee or payee  
192.11 had claimed no more than one withholding exemption, or who paid wages or made  
192.12 payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923,  
192.13 subdivision 2, to an employee or person receiving royalty payments in excess of \$600,  
192.14 or who has entered into a voluntary withholding agreement with a payee under section  
192.15 290.92, subdivision 20, must give every employee or person receiving royalty payments in  
192.16 respect to the remuneration paid by the person to the employee or person receiving royalty  
192.17 payments during the calendar year, on or before January 31 of the succeeding year, or, if  
192.18 employment is terminated before the close of the calendar year, within 30 days after the  
192.19 date of receipt of a written request from the employee if the 30-day period ends before  
192.20 January 31, a written statement showing the following:

192.21 (1) name of the person;

192.22 (2) the name of the employee or payee and the employee's or payee's Social Security  
192.23 account number;

192.24 (3) the total amount of wages as that term is defined in section 290.92, subdivision  
192.25 1, paragraph (1); the total amount of remuneration subject to withholding under section  
192.26 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the  
192.27 Internal Revenue Code; and the amount of royalties subject to withholding under section  
192.28 290.923, subdivision 2; and

192.29 (4) the total amount deducted and withheld as tax under section 290.92, subdivision  
192.30 2a or 3, or 290.923, subdivision 2.

192.31 (b) The statement required to be furnished by paragraph (a) with respect to any  
192.32 remuneration must be furnished at those times, must contain the information required, and  
192.33 must be in the form the commissioner prescribes.

193.1 (c) The commissioner may prescribe rules providing for reasonable extensions of  
 193.2 time, not in excess of 30 days, to employers or payers required to give the statements to  
 193.3 their employees or payees under this subdivision.

193.4 (d) A duplicate of any statement made under this subdivision and in accordance  
 193.5 with rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~  
 193.6 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~  
 193.7 ~~of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the  
 193.8 commissioner on or before February 28 of the year after the payments were made.

193.9 (e) If an employer cancels the employer's Minnesota withholding account number  
 193.10 required by section 290.92, subdivision 24, the information required by paragraph (d),  
 193.11 must be filed with the commissioner within 30 days of the end of the quarter in which  
 193.12 the employer cancels its account number.

193.13 (f) The employer must submit the statements required to be sent to the commissioner  
 193.14 ~~in the same manner required to satisfy the federal reporting requirements of section~~  
 193.15 ~~6011(e) of the Internal Revenue Code and the regulations issued under it. An employer~~  
 193.16 ~~must submit statements to the commissioner required by this section by electronic means~~  
 193.17 ~~if the employer is required to send more than 25 statements to the commissioner, even~~  
 193.18 ~~though the employer is not required to submit the returns federally by electronic means.~~  
 193.19 ~~For statements issued for wages paid in 2011 and after, the threshold is ten. All statements~~  
 193.20 ~~issued for withholding required under section 290.92 are aggregated for purposes of~~  
 193.21 ~~determining whether the electronic submission threshold is met. The commissioner shall~~  
 193.22 prescribe the content, format, and manner of the statement pursuant to section 270C.30.

193.23 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph  
 193.24 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,  
 193.25 paragraph (a), with the commissioner by electronic means.

193.26 **EFFECTIVE DATE.** This section is effective for statements required to be sent to  
 193.27 the commissioner after December 31, 2015.

193.28 Sec. 4. Minnesota Statutes 2014, section 289A.12, subdivision 14, is amended to read:

193.29 Subd. 14. **Regulated investment companies; Reporting exempt interest and**  
 193.30 **exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in  
 193.31 exempt-interest dividends to an individual who is a resident of Minnesota, or any person  
 193.32 receiving \$10 or more of exempt interest or exempt-interest dividends and paying as  
 193.33 nominee to an individual who is a resident of Minnesota, must make a return indicating  
 193.34 the amount of the exempt interest or exempt-interest dividends, the name, address, and  
 193.35 Social Security number of the recipient, and any other information that the commissioner

194.1 specifies. The return must be provided to the shareholder recipient by February 15 of the  
194.2 year following the year of the payment. The return provided to the shareholder recipient  
194.3 must include a clear statement, in the form prescribed by the commissioner, that the  
194.4 exempt interest or exempt-interest dividends must be included in the computation of  
194.5 Minnesota taxable income. By June 1 of each year, the regulated investment company  
194.6 payor must file a copy of the return with the commissioner.

194.7 (b) For purposes of this subdivision, the following definitions apply.

194.8 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in  
194.9 section 852(b)(5) of the Internal Revenue Code, but does not include the portion of  
194.10 exempt-interest dividends that are not required to be added to federal taxable income  
194.11 under section 290.01, subdivision 19a, clause (1)(ii).

194.12 (2) "Regulated investment company" means regulated investment company as  
194.13 defined in section 851(a) of the Internal Revenue Code or a fund of the regulated  
194.14 investment company as defined in section 851(g) of the Internal Revenue Code.

194.15 (3) "Exempt interest" means income on obligations of any state other than  
194.16 Minnesota, or a political or governmental subdivision, municipality, or governmental  
194.17 agency or instrumentality of any state other than Minnesota, and exempt from federal  
194.18 income taxes under the Internal Revenue Code or any other federal statute.

194.19 **EFFECTIVE DATE.** This section is effective for reports required to be filed after  
194.20 December 31, 2015.

194.21 Sec. 5. Minnesota Statutes 2014, section 289A.60, subdivision 28, is amended to read:

194.22 Subd. 28. **Preparer identification number.** Any Minnesota ~~individual~~ income tax  
194.23 return or claim for refund prepared by a "tax refund or return preparer" as defined in  
194.24 subdivision 13, paragraph (f), shall bear the identification number the preparer is required  
194.25 to use federally under section 6109(a)(4) of the Internal Revenue Code. A tax refund or  
194.26 return preparer who prepares a Minnesota tax return for an individual income tax return,  
194.27 corporation, S corporation, partnership, fiduciary, or claim for refund and fails to include  
194.28 the required number on the return or claim is subject to a penalty of \$50 for each failure.

194.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
194.30 December 31, 2014.

194.31 Sec. 6. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

194.32 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,  
194.33 and trusts, there shall be subtracted from federal taxable income:

195.1 (1) net interest income on obligations of any authority, commission, or  
195.2 instrumentality of the United States to the extent includable in taxable income for federal  
195.3 income tax purposes but exempt from state income tax under the laws of the United States;

195.4 (2) if included in federal taxable income, the amount of any overpayment of income  
195.5 tax to Minnesota or to any other state, for any previous taxable year, whether the amount  
195.6 is received as a refund or as a credit to another taxable year's income tax liability;

195.7 (3) the amount paid to others, less the amount used to claim the credit allowed under  
195.8 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
195.9 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
195.10 transportation of each qualifying child in attending an elementary or secondary school  
195.11 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
195.12 resident of this state may legally fulfill the state's compulsory attendance laws, which  
195.13 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
195.14 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
195.15 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
195.16 "textbooks" includes books and other instructional materials and equipment purchased  
195.17 or leased for use in elementary and secondary schools in teaching only those subjects  
195.18 legally and commonly taught in public elementary and secondary schools in this state.  
195.19 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
195.20 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
195.21 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
195.22 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
195.23 or materials for, or transportation to, extracurricular activities including sporting events,  
195.24 musical or dramatic events, speech activities, driver's education, or similar programs. No  
195.25 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
195.26 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
195.27 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
195.28 given in section 32(c)(3) of the Internal Revenue Code;

195.29 (4) income as provided under section 290.0802;

195.30 (5) to the extent included in federal adjusted gross income, income realized on  
195.31 disposition of property exempt from tax under section 290.491;

195.32 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)  
195.33 of the Internal Revenue Code in determining federal taxable income by an individual  
195.34 who does not itemize deductions for federal income tax purposes for the taxable year, an  
195.35 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable

196.1 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,  
196.2 under the provisions of Public Law 109-1 and Public Law 111-126;

196.3 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
196.4 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
196.5 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
196.6 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
196.7 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
196.8 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
196.9 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
196.10 the extent they exceed the federal foreign tax credit;

196.11 (8) in each of the five tax years immediately following the tax year in which an  
196.12 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(12)~~ (11), in the case of  
196.13 a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
196.14 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount  
196.15 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,  
196.16 clause ~~(12)~~ (11), in the case of a shareholder of an S corporation, minus the positive value  
196.17 of any net operating loss under section 172 of the Internal Revenue Code generated for the  
196.18 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

196.19 (9) job opportunity building zone income as provided under section 469.316;

196.20 (10) to the extent included in federal taxable income, the amount of compensation  
196.21 paid to members of the Minnesota National Guard or other reserve components of the  
196.22 United States military for active service, including compensation for services performed  
196.23 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active  
196.24 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause  
196.25 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision  
196.26 5b, and "active service" includes service performed in accordance with section 190.08,  
196.27 subdivision 3;

196.28 (11) to the extent included in federal taxable income, the amount of compensation  
196.29 paid to Minnesota residents who are members of the armed forces of the United States  
196.30 or United Nations for active duty performed under United States Code, title 10; or the  
196.31 authority of the United Nations;

196.32 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
196.33 qualified donor's donation, while living, of one or more of the qualified donor's organs  
196.34 to another person for human organ transplantation. For purposes of this clause, "organ"  
196.35 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;  
196.36 "human organ transplantation" means the medical procedure by which transfer of a human

197.1 organ is made from the body of one person to the body of another person; "qualified  
197.2 expenses" means unreimbursed expenses for both the individual and the qualified donor  
197.3 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
197.4 may be subtracted under this clause only once; and "qualified donor" means the individual  
197.5 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
197.6 individual may claim the subtraction in this clause for each instance of organ donation for  
197.7 transplantation during the taxable year in which the qualified expenses occur;

197.8 (13) in each of the five tax years immediately following the tax year in which an  
197.9 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(13)~~ (12), in the case  
197.10 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of  
197.11 the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(13)~~  
197.12 (12), in the case of a shareholder of a corporation that is an S corporation, minus the  
197.13 positive value of any net operating loss under section 172 of the Internal Revenue Code  
197.14 generated for the tax year of the addition. If the net operating loss exceeds the addition for  
197.15 the tax year, a subtraction is not allowed under this clause;

197.16 (14) to the extent included in the federal taxable income of a nonresident of  
197.17 Minnesota, compensation paid to a service member as defined in United States Code, title  
197.18 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
197.19 Act, Public Law 108-189, section 101(2);

197.20 (15) to the extent included in federal taxable income, the amount of national service  
197.21 educational awards received from the National Service Trust under United States Code,  
197.22 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
197.23 program;

197.24 (16) to the extent included in federal taxable income, discharge of indebtedness  
197.25 income resulting from reacquisition of business indebtedness included in federal taxable  
197.26 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
197.27 to the extent that the income was included in net income in a prior year as a result of the  
197.28 addition under subdivision 19a, clause (13);

197.29 (17) the amount of the net operating loss allowed under section 290.095, subdivision  
197.30 11, paragraph (c);

197.31 (18) the amount of expenses not allowed for federal income tax purposes due  
197.32 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
197.33 Revenue Code;

197.34 (19) the amount of the limitation on itemized deductions under section 68(b) of the  
197.35 Internal Revenue Code;

198.1 (20) the amount of the phaseout of personal exemptions under section 151(d) of  
 198.2 the Internal Revenue Code; and

198.3 (21) to the extent included in federal taxable income, the amount of qualified  
 198.4 transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal  
 198.5 Revenue Code. The subtraction is limited to the lesser of the amount of qualified  
 198.6 transportation fringe benefits received in excess of the limitations under section  
 198.7 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the  
 198.8 maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal  
 198.9 Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)  
 198.10 of the Internal Revenue Code.

198.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

198.12 Sec. 7. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

198.13 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,  
 198.14 there shall be added to federal taxable income:

198.15 (1) the amount of any deduction taken for federal income tax purposes for income,  
 198.16 excise, or franchise taxes based on net income or related minimum taxes, including but not  
 198.17 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,  
 198.18 another state, a political subdivision of another state, the District of Columbia, or any  
 198.19 foreign country or possession of the United States;

198.20 (2) interest not subject to federal tax upon obligations of: the United States, its  
 198.21 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
 198.22 state, any of its political or governmental subdivisions, any of its municipalities, or any  
 198.23 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
 198.24 tribal governments;

198.25 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal  
 198.26 Revenue Code;

198.27 (4) the amount of any net operating loss deduction taken for federal income tax  
 198.28 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss  
 198.29 deduction under section 810 of the Internal Revenue Code;

198.30 (5) the amount of any special deductions taken for federal income tax purposes  
 198.31 under sections 241 to 247 and 965 of the Internal Revenue Code;

198.32 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,  
 198.33 clause (a), that are not subject to Minnesota income tax;

198.34 (7) the amount of any capital losses deducted for federal income tax purposes under  
 198.35 sections 1211 and 1212 of the Internal Revenue Code;

199.1 (8) the amount of percentage depletion deducted under sections 611 through 614 and  
 199.2 291 of the Internal Revenue Code;

199.3 ~~(9) for certified pollution control facilities placed in service in a taxable year~~  
 199.4 ~~beginning before December 31, 1986, and for which amortization deductions were elected~~  
 199.5 ~~under section 169 of the Internal Revenue Code of 1954, as amended through December~~  
 199.6 ~~31, 1985, the amount of the amortization deduction allowed in computing federal taxable~~  
 199.7 ~~income for those facilities;~~

199.8 ~~(10)~~ (9) the amount of a partner's pro rata share of net income which does not flow  
 199.9 through to the partner because the partnership elected to pay the tax on the income under  
 199.10 section 6242(a)(2) of the Internal Revenue Code;

199.11 ~~(11)~~ (10) any increase in subpart F income, as defined in section 952(a) of the  
 199.12 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
 199.13 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

199.14 ~~(12)~~ (11) 80 percent of the depreciation deduction allowed under section  
 199.15 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if  
 199.16 the taxpayer has an activity that in the taxable year generates a deduction for depreciation  
 199.17 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable  
 199.18 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation  
 199.19 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess  
 199.20 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)  
 199.21 over the amount of the loss from the activity that is not allowed in the taxable year. In  
 199.22 succeeding taxable years when the losses not allowed in the taxable year are allowed, the  
 199.23 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

199.24 ~~(13)~~ (12) 80 percent of the amount by which the deduction allowed by section 179 of  
 199.25 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
 199.26 Revenue Code of 1986, as amended through December 31, 2003;

199.27 ~~(14)~~ (13) to the extent deducted in computing federal taxable income, the amount of  
 199.28 the deduction allowable under section 199 of the Internal Revenue Code;

199.29 ~~(15)~~ (14) the amount of expenses disallowed under section 290.10, subdivision 2; and

199.30 ~~(16)~~ (15) discharge of indebtedness income resulting from reacquisition of business  
 199.31 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

199.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

199.33 Sec. 8. Minnesota Statutes 2014, section 290.01, subdivision 19d, is amended to read:

200.1 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For  
200.2 corporations, there shall be subtracted from federal taxable income after the increases  
200.3 provided in subdivision 19c:

200.4 (1) the amount of foreign dividend gross-up added to gross income for federal  
200.5 income tax purposes under section 78 of the Internal Revenue Code;

200.6 (2) the amount of salary expense not allowed for federal income tax purposes due to  
200.7 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

200.8 (3) any dividend (not including any distribution in liquidation) paid within the  
200.9 taxable year by a national or state bank to the United States, or to any instrumentality of  
200.10 the United States exempt from federal income taxes, on the preferred stock of the bank  
200.11 owned by the United States or the instrumentality;

200.12 (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the  
200.13 Internal Revenue Code, except that:

200.14 (i) for capital losses incurred in taxable years beginning after December 31, 1986,  
200.15 capital loss carrybacks shall not be allowed;

200.16 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,  
200.17 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be  
200.18 allowed;

200.19 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a  
200.20 capital loss carryback to each of the three taxable years preceding the loss year, subject to  
200.21 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

200.22 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,  
200.23 a capital loss carryover to each of the five taxable years succeeding the loss year to the  
200.24 extent such loss was not used in a prior taxable year and subject to the provisions of  
200.25 Minnesota Statutes 1986, section 290.16, shall be allowed;

200.26 (5) an amount for interest and expenses relating to income not taxable for federal  
200.27 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and  
200.28 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
200.29 291 of the Internal Revenue Code in computing federal taxable income;

200.30 (6) in the case of mines, oil and gas wells, other natural deposits, and timber for  
200.31 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a  
200.32 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
200.33 must be apportioned between the lessor and lessee in accordance with rules prescribed  
200.34 by the commissioner. In the case of property held in trust, the allowable deduction must  
200.35 be apportioned between the income beneficiaries and the trustee in accordance with the

201.1 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
 201.2 of the trust's income allocable to each;

201.3 ~~(7) for certified pollution control facilities placed in service in a taxable year~~  
 201.4 ~~beginning before December 31, 1986, and for which amortization deductions were elected~~  
 201.5 ~~under section 169 of the Internal Revenue Code of 1954, as amended through December~~  
 201.6 ~~31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes~~  
 201.7 ~~1986, section 290.09, subdivision 7;~~

201.8 ~~(8)~~ (7) amounts included in federal taxable income that are due to refunds of  
 201.9 income, excise, or franchise taxes based on net income or related minimum taxes paid  
 201.10 by the corporation to Minnesota, another state, a political subdivision of another state,  
 201.11 the District of Columbia, or a foreign country or possession of the United States to the  
 201.12 extent that the taxes were added to federal taxable income under subdivision 19c, clause  
 201.13 (1), in a prior taxable year;

201.14 ~~(9)~~ (8) income or gains from the business of mining as defined in section 290.05,  
 201.15 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

201.16 ~~(10)~~ (9) the amount of disability access expenditures in the taxable year which are not  
 201.17 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

201.18 ~~(11)~~ (10) the amount of qualified research expenses not allowed for federal income  
 201.19 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent  
 201.20 that the amount exceeds the amount of the credit allowed under section 290.068;

201.21 ~~(12)~~ (11) the amount of salary expenses not allowed for federal income tax purposes  
 201.22 due to claiming the Indian employment credit under section 45A(a) of the Internal  
 201.23 Revenue Code;

201.24 ~~(13)~~ (12) any decrease in subpart F income, as defined in section 952(a) of the  
 201.25 Internal Revenue Code, for the taxable year when subpart F income is calculated without  
 201.26 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

201.27 ~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an  
 201.28 addition is required under subdivision 19c, clause ~~(12)~~ (11), an amount equal to one-fifth  
 201.29 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the  
 201.30 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(12)~~ (11). The  
 201.31 resulting delayed depreciation cannot be less than zero;

201.32 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which an  
 201.33 addition is required under subdivision 19c, clause ~~(13)~~ (12), an amount equal to one-fifth  
 201.34 of the amount of the addition;

201.35 ~~(16)~~ (15) to the extent included in federal taxable income, discharge of indebtedness  
 201.36 income resulting from reacquisition of business indebtedness included in federal taxable

202.1 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
 202.2 to the extent that the income was included in net income in a prior year as a result of the  
 202.3 addition under subdivision 19c, clause ~~(16)~~ (15); and

202.4 ~~(17)~~ (16) the amount of expenses not allowed for federal income tax purposes due  
 202.5 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
 202.6 Revenue Code.

202.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

202.8 Sec. 9. Minnesota Statutes 2014, section 290.0672, subdivision 1, is amended to read:

202.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
 202.10 have the meanings given.

202.11 (b) "Long-term care insurance" means a policy that:

202.12 (1) qualifies for a deduction under section 213 of the Internal Revenue Code,  
 202.13 disregarding the ~~7.5 percent~~ adjusted gross income test; or meets the requirements  
 202.14 given in section 62A.46; or provides similar coverage issued under the laws of another  
 202.15 jurisdiction; and

202.16 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

202.17 (3) has been offered in compliance with the inflation protection requirements of  
 202.18 section 62S.23.

202.19 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

202.20 (d) "Premiums deducted in determining federal taxable income" means the lesser of

202.21 (1) long-term care insurance premiums that qualify as deductions under section 213 of  
 202.22 the Internal Revenue Code; and (2) the total amount deductible for medical care under  
 202.23 section 213 of the Internal Revenue Code.

202.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years

202.25 beginning after December 31, 2012.

202.26 Sec. 10. Minnesota Statutes 2014, section 290.091, subdivision 3, is amended to read:

202.27 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative  
 202.28 minimum tax, the exemption amount is, for taxable years beginning after December 31,  
 202.29 2005, \$60,000 for married couples filing joint returns, \$30,000 for married individuals  
 202.30 filing separate returns, estates, and trusts, and \$45,000 for unmarried individuals.

202.31 (b) The exemption amount determined under this subdivision is subject to the phase  
 202.32 out under section 55(d)(3) of the Internal Revenue Code, except that alternative minimum

203.1 taxable income as determined under this section must be substituted in the computation of  
203.2 the phase out.

203.3 (c) For taxable years beginning after December 31, 2006, the exemption amount  
203.4 under paragraph (a), ~~clause (2)~~, must be adjusted for inflation. The commissioner shall  
203.5 adjust the exemption amount by the percentage determined pursuant to the provisions of  
203.6 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005"  
203.7 shall be substituted for the word "1992." For 2007, the commissioner shall then determine  
203.8 the percent change from the 12 months ending on August 31, 2005, to the 12 months  
203.9 ending on August 31, 2006, and in each subsequent year, from the 12 months ending on  
203.10 August 31, 2005, to the 12 months ending on August 31 of the year preceding the taxable  
203.11 year. The exemption amount as adjusted must be rounded to the nearest \$10. If the amount  
203.12 ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the  
203.13 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

203.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

203.15 Sec. 11. Minnesota Statutes 2014, section 290.0921, subdivision 3, is amended to read:

203.16 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable  
203.17 income" is Minnesota net income as defined in section 290.01, subdivision 19, and  
203.18 includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e),  
203.19 (f), and (h) of the Internal Revenue Code. If a corporation files a separate company  
203.20 Minnesota tax return, the minimum tax must be computed on a separate company basis.  
203.21 If a corporation is part of a tax group filing a unitary return, the minimum tax must be  
203.22 computed on a unitary basis. The following adjustments must be made.

203.23 (1) The portion of the depreciation deduction allowed for federal income tax  
203.24 purposes under section 168(k) of the Internal Revenue Code that is required as an addition  
203.25 under section 290.01, subdivision 19c, clause ~~(12)~~ (11), is disallowed in determining  
203.26 alternative minimum taxable income.

203.27 (2) The subtraction for depreciation allowed under section 290.01, subdivision  
203.28 19d, clause ~~(14)~~ (13), is allowed as a depreciation deduction in determining alternative  
203.29 minimum taxable income.

203.30 (3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d)  
203.31 of the Internal Revenue Code does not apply.

203.32 (4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal  
203.33 Revenue Code does not apply.

203.34 (5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue  
203.35 Code does not apply.

204.1 (6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal  
204.2 Revenue Code does not apply.

204.3 (7) The tax preference for charitable contributions of appreciated property under  
204.4 section 57(a)(6) of the Internal Revenue Code does not apply.

204.5 (8) For purposes of calculating the adjustment for adjusted current earnings in  
204.6 section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable  
204.7 income" as it is used in section 56(g) of the Internal Revenue Code, means alternative  
204.8 minimum taxable income as defined in this subdivision, determined without regard to the  
204.9 adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

204.10 (9) For purposes of determining the amount of adjusted current earnings under  
204.11 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section  
204.12 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend  
204.13 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the  
204.14 amount of refunds of income, excise, or franchise taxes subtracted as provided in section  
204.15 290.01, subdivision 19d, clause ~~(8)~~ (7).

204.16 (10) Alternative minimum taxable income excludes the income from operating in a  
204.17 job opportunity building zone as provided under section 469.317.

204.18 Items of tax preference must not be reduced below zero as a result of the  
204.19 modifications in this subdivision.

204.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

204.21 Sec. 12. Minnesota Statutes 2014, section 290A.19, is amended to read:

204.22 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT**  
204.23 **CERTIFICATE.**

204.24 (a) The owner or managing agent of any property for which rent is paid for  
204.25 occupancy as a homestead must furnish a certificate of rent paid to a person who is a  
204.26 renter on December 31, in the form prescribed by the commissioner. If the renter moves  
204.27 before December 31, the owner or managing agent may give the certificate to the renter  
204.28 at the time of moving, or mail the certificate to the forwarding address if an address has  
204.29 been provided by the renter. The certificate must be made available to the renter before  
204.30 February 1 of the year following the year in which the rent was paid. The owner or  
204.31 managing agent must retain a duplicate of each certificate or an equivalent record showing  
204.32 the same information for a period of three years. The duplicate or other record must be  
204.33 made available to the commissioner upon request.

205.1 (b) The commissioner may require the owner or managing agent, through a  
 205.2 simple process, to furnish to the commissioner on or before March 1 a copy of each  
 205.3 certificate of rent paid furnished to a renter for rent paid in the prior year, in the content,  
 205.4 format, and manner prescribed by the commissioner pursuant to section 270C.30. Prior  
 205.5 to implementation, the commissioner, after consulting with representatives of owners  
 205.6 or managing agents, shall develop an implementation and administration plan for the  
 205.7 requirements of this paragraph that attempts to minimize financial burdens, administration  
 205.8 and compliance costs, and takes into consideration existing systems of owners and  
 205.9 managing agents.

205.10 (c) For the purposes of this section, "owner" includes a park owner as defined under  
 205.11 section 327C.01, subdivision 6, and "property" includes a lot as defined under section  
 205.12 327C.01, subdivision 3.

205.13 **EFFECTIVE DATE.** This section is effective for certificates of rent paid for rent  
 205.14 paid after December 31, 2014.

205.15 Sec. 13. Minnesota Statutes 2014, section 291.03, subdivision 10, is amended to read:

205.16 Subd. 10. **Qualified farm property.** Property satisfying all of the following  
 205.17 requirements is qualified farm property:

205.18 (1) The value of the property was included in the federal adjusted taxable estate.

205.19 (2) The property consists of agricultural land and is owned by a person or entity that  
 205.20 is either not subject to or is in compliance with section 500.24.

205.21 (3) For property taxes payable in the taxable year of the decedent's death, the  
 205.22 property is classified as class 2a property under section 273.13, subdivision 23, and is  
 205.23 classified as agricultural homestead, agricultural relative homestead, or special agricultural  
 205.24 homestead under section 273.124.

205.25 (4) The decedent continuously owned the property, including property the decedent  
 205.26 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for  
 205.27 the three-year period ending on the date of death of the decedent either by ownership of  
 205.28 the agricultural land or pursuant to holding an interest in an entity that is not subject to  
 205.29 or is in compliance with section 500.24.

205.30 (5) The property is classified for property tax purposes as class 2a property under  
 205.31 section 273.13, subdivision 23, for three years following the date of death of the decedent.  
 205.32 No property shall cease to be qualified farm property solely because a residence existing  
 205.33 at the time of the decedent's death is reclassified as class 4bb property under section  
 205.34 273.13, subdivision 25, during the three-year period. No property shall cease to be  
 205.35 qualified farm property solely because a portion consisting of no more than one-fifth is

206.1 reclassified as 2b property under section 273.13, subdivision 23, during the three-year  
 206.2 period, so long as the qualified heir has not substantially altered the reclassified property  
 206.3 during the holding period.

206.4 (6) The estate and the qualified heir elect to treat the property as qualified farm  
 206.5 property and agree, in a form prescribed by the commissioner, to pay the recapture tax  
 206.6 under subdivision 11, if applicable.

206.7 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 206.8 dying after June 30, 2011.

206.9 Sec. 14. Minnesota Statutes 2014, section 291.031, is amended to read:

206.10 **291.031 CREDIT.**

206.11 (a) The estate of a nonresident decedent that is subject to tax under this chapter on  
 206.12 the value of Minnesota situs property held in a pass-through entity is allowed a credit  
 206.13 against the tax due under section 291.03 equal to the lesser of:

206.14 (1) the amount of estate or inheritance tax paid to another state that is attributable to  
 206.15 the Minnesota situs property held in the pass-through entity; or

206.16 (2) the amount of tax ~~paid under this section~~ due under section 291.03 attributable to  
 206.17 the Minnesota situs property held in the pass-through entity.

206.18 (b) The amount of tax attributable to the Minnesota situs property held in the  
 206.19 pass-through entity must be determined by the increase in the estate or inheritance tax that  
 206.20 results from including the market value of the property in the estate or treating the value  
 206.21 as a taxable inheritance to the recipient of the property.

206.22 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents  
 206.23 dying after December 31, 2013.

206.24 Sec. 15. **REPEALER.**

206.25 Minnesota Rules, part 8092.2000, is repealed.

206.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

206.27 **ARTICLE 14**

206.28 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS -**  
 206.29 **SPECIAL TAXES AND SALES TAXES**

206.30 Section 1. Minnesota Statutes 2014, section 69.021, subdivision 5, is amended to read:

207.1 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for  
 207.2 apportionment, before the addition of the minimum fire state aid allocation amount under  
 207.3 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state  
 207.4 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to  
 207.5 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount  
 207.6 must be reduced by the amount required to pay the state auditor's costs and expenses of  
 207.7 the audits or exams of the firefighters relief associations.

207.8 The total amount for apportionment in respect to fire state aid must not be less than  
 207.9 two percent of the premiums reported to the commissioner by insurers on the Minnesota  
 207.10 Firetown Premium Report after subtracting the following amounts:

207.11 (1) the amount required to pay the state auditor's costs and expenses of the audits or  
 207.12 exams of the firefighters relief associations; and

207.13 (2) one percent of the premiums reported by ~~town and farmers'~~ township mutual  
 207.14 insurance companies and mutual property and casualty companies with total assets of  
 207.15 \$5,000,000 or less.

207.16 (b) The total amount for apportionment as police state aid is equal to 104 percent  
 207.17 of the amount of premium taxes paid to the state on the premiums reported to the  
 207.18 commissioner by insurers on the Minnesota Aid to Police Premium Report. The total  
 207.19 amount for apportionment in respect to the police state aid program must not be less than  
 207.20 two percent of the amount of premiums reported to the commissioner by insurers on the  
 207.21 Minnesota Aid to Police Premium Report.

207.22 (c) The commissioner shall calculate the percentage of increase or decrease reflected  
 207.23 in the apportionment over or under the previous year's available state aid using the same  
 207.24 premiums as a basis for comparison.

207.25 (d) In addition to the amount for apportionment of police state aid under paragraph  
 207.26 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to  
 207.27 pay this increase is annually appropriated from the general fund.

207.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

207.29 Sec. 2. Minnesota Statutes 2014, section 289A.38, subdivision 6, is amended to read:

207.30 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed  
 207.31 within 6-1/2 years after the due date of the return or the date the return was filed,  
 207.32 whichever is later, if:

207.33 (1) the taxpayer omits from gross income an amount properly includable in it that is  
 207.34 in excess of 25 percent of the amount of gross income stated in the return;

208.1 (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a  
208.2 tax imposed under section 295.52, an amount of taxes in excess of 25 percent of the  
208.3 taxes reported in the return; or

208.4 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the  
208.5 gross estate reported in the return.

208.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

208.7 Sec. 3. Minnesota Statutes 2014, section 290.0922, subdivision 2, is amended to read:

208.8 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed  
208.9 by this section:

208.10 (1) corporations exempt from tax under section 290.05;

208.11 (2) real estate investment trusts;

208.12 (3) regulated investment companies or a fund thereof; and

208.13 (4) entities having a valid election in effect under section 860D(b) of the Internal  
208.14 Revenue Code;

208.15 (5) ~~town and farmers'~~ township mutual insurance companies;

208.16 (6) cooperatives organized under chapter 308A or 308B that provide housing  
208.17 exclusively to persons age 55 and over and are classified as homesteads under section  
208.18 273.124, subdivision 3; and

208.19 (7) a qualified business as defined under section 469.310, subdivision 11, if for the  
208.20 taxable year all of its property is located in a job opportunity building zone designated  
208.21 under section 469.314 and all of its payroll is a job opportunity building zone payroll  
208.22 under section 469.310.

208.23 Entities not specifically exempted by this subdivision are subject to tax under this  
208.24 section, notwithstanding section 290.05.

208.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

208.26 Sec. 4. Minnesota Statutes 2014, section 295.54, subdivision 2, is amended to read:

208.27 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against  
208.28 the total amount of tax, if any, the pharmacy owes during that calendar year under  
208.29 section 295.52, subdivision 4. The refund shall equal the amount paid by the pharmacy  
208.30 to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for  
208.31 legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax  
208.32 percentage specified in section 295.52, subdivision 3. If the amount of the refund exceeds  
208.33 the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner

209.1 shall provide the pharmacy with a refund equal to the excess amount. Each qualifying  
 209.2 pharmacy must apply for the refund on the annual return as ~~provided under section~~  
 209.3 ~~295.55, subdivision 5~~ prescribed by the commissioner, on or before March 15 of the year  
 209.4 following the calendar year the legend drugs were delivered outside Minnesota. The  
 209.5 ~~refund must be claimed within 18 months from the date the drugs were delivered outside~~  
 209.6 ~~of Minnesota~~ shall not be allowed if the initial claim for refund is filed more than one year  
 209.7 after the original due date of the return. Interest on refunds paid under this subdivision  
 209.8 will begin to accrue 60 days after the date a claim for refund is filed. For purposes of this  
 209.9 subdivision, the date a claim is filed is the due date of the return if a return is due or the  
 209.10 date of the actual claim for refund, whichever is later.

209.11 **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered  
 209.12 outside Minnesota after December 31, 2014.

209.13 Sec. 5. Minnesota Statutes 2014, section 296A.01, is amended by adding a subdivision  
 209.14 to read:

209.15 Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage  
 209.16 facility" means a single property, or contiguous or adjacent properties used for a common  
 209.17 purpose and owned or operated by the same person, on or in which are located one or more  
 209.18 stationary tanks that are used singularly or in combination for the storage or containment  
 209.19 of more than 1,100 gallons of petroleum.

209.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

209.21 Sec. 6. Minnesota Statutes 2014, section 296A.01, subdivision 33, is amended to read:

209.22 Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel,  
 209.23 regardless of its composition or properties, used to propel a motor vehicle.

209.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

209.25 Sec. 7. Minnesota Statutes 2014, section 296A.01, subdivision 42, is amended to read:

209.26 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products  
 209.27 defined in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

209.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

209.29 Sec. 8. Minnesota Statutes 2014, section 296A.07, subdivision 1, is amended to read:

210.1 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline  
 210.2 blended with ethanol, and agricultural alcohol gasoline used in producing and generating  
 210.3 power for propelling motor vehicles used on the public highways of this state. The tax  
 210.4 is imposed on the first licensed distributor who received the product in Minnesota. For  
 210.5 purposes of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18,  
 210.6 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner  
 210.7 prescribed by the commissioner. The tax is payable at the rates specified in subdivision 3,  
 210.8 subject to the exceptions and reductions specified in section 296A.17.

210.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

210.10 Sec. 9. Minnesota Statutes 2014, section 297A.82, subdivision 4a, is amended to read:

210.11 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and  
 210.12 penalties, collected from the sale or purchase of an aircraft taxable under this chapter must  
 210.13 be deposited in the state airports fund established in section 360.017. For purposes of this  
 210.14 subdivision, "revenue" does not include the revenue, including interest and penalties,  
 210.15 generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be  
 210.16 deposited as provided under the Minnesota Constitution, article XI, section 15.

210.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

210.18 Sec. 10. Minnesota Statutes 2014, section 297E.02, subdivision 7, is amended to read:

210.19 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal  
 210.20 sanctions imposed by this chapter, a person, organization, or business entity possessing or  
 210.21 selling a pull-tab, electronic pull-tab game, or tipboard upon which the tax imposed by  
 210.22 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each  
 210.23 pull-tab, electronic pull-tab game, or tipboard. The tax on a partial deal must be assessed  
 210.24 as if it were a full deal.

210.25 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person  
 210.26 (1) not licensed by the board who conducts bingo, linked bingo, electronic linked bingo,  
 210.27 raffles, or paddlewheel games, or (2) who conducts gambling prohibited under sections  
 210.28 609.75 to 609.763, other than activities subject to tax under section 297E.03, is liable for a  
 210.29 tax of six percent of the gross receipts from that activity.

210.30 (c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be  
 210.31 considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.  
 210.32 The commissioner shall assess the tax based on personal knowledge or information  
 210.33 available to the commissioner. The commissioner shall mail to the taxpayer at the

211.1 taxpayer's last known address, or serve in person, a written notice of the amount of tax,  
 211.2 demand its immediate payment, and, if payment is not immediately made, collect the tax  
 211.3 by any method described in chapter 270C, except that the commissioner need not await the  
 211.4 expiration of the times specified in chapter 270C. The tax assessed by the commissioner  
 211.5 is presumed to be valid and correctly determined and assessed. The burden is upon the  
 211.6 taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision  
 211.7 does not apply to gambling that is exempt from taxation under subdivision 2.

211.8 (d) A person, organization, or business entity conducting gambling activity under  
 211.9 this subdivision must file monthly tax returns with the commissioner, in the form required  
 211.10 by the commissioner. The returns must be filed on or before the 20th day of the month  
 211.11 following the month in which the gambling activity occurred. The tax imposed by this  
 211.12 section is due and payable at the time when the returns are required to be filed.

211.13 (e) Notwithstanding any law to the contrary, neither the commissioner nor a public  
 211.14 employee may reveal facts contained in a tax return filed with the commissioner of  
 211.15 revenue as required by this subdivision, nor can any information contained in the report or  
 211.16 return be used against the tax obligor in any criminal proceeding, unless independently  
 211.17 obtained, except in connection with a proceeding involving taxes due under this section,  
 211.18 or as provided in section 270C.055, subdivision 1. However, this paragraph does not  
 211.19 prohibit the commissioner from publishing statistics that do not disclose the identity of  
 211.20 tax obligors or the contents of particular returns or reports. Any person violating this  
 211.21 paragraph is guilty of a gross misdemeanor.

211.22 **EFFECTIVE DATE.** This section is effective for games played or purchased after  
 211.23 June 30, 2015.

211.24 Sec. 11. Minnesota Statutes 2014, section 297H.06, subdivision 2, is amended to read:

211.25 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed  
 211.26 municipal solid waste or upon the volume of nonmixed municipal solid waste for waste  
 211.27 management services to manage the following materials:

211.28 (1) mixed municipal solid waste and nonmixed municipal solid waste generated  
 211.29 outside of Minnesota;

211.30 (2) recyclable materials that are separated for recycling by the generator, collected  
 211.31 separately from other waste, and recycled, to the extent the price of the service for  
 211.32 handling recyclable material is separately itemized on a bill to the generator;

211.33 (3) recyclable nonmixed municipal solid waste that is separated for recycling by  
 211.34 the generator, collected separately from other waste, delivered to a waste facility for the  
 211.35 purpose of recycling, and recycled;

212.1 (4) industrial waste, when it is transported to a facility owned and operated by  
212.2 the same person that generated it;

212.3 (5) mixed municipal solid waste from a recycling facility that separates or processes  
212.4 recyclable materials and reduces the volume of the waste by at least 85 percent, provided  
212.5 that the exempted waste is managed separately from other waste;

212.6 (6) recyclable materials that are separated from mixed municipal solid waste by the  
212.7 generator, collected and delivered to a waste facility that recycles at least 85 percent of its  
212.8 waste, and are collected with mixed municipal solid waste that is segregated in leakproof  
212.9 bags, provided that the mixed municipal solid waste does not exceed five percent of the  
212.10 total weight of the materials delivered to the facility and is ultimately delivered to a waste  
212.11 facility identified as a preferred waste management facility in county solid waste plans  
212.12 under section 115A.46;

212.13 (7) source-separated compostable waste materials, if the ~~waste is~~ materials are  
212.14 delivered to a facility exempted as described in this clause. To initially qualify for an  
212.15 exemption, a facility must apply for an exemption in its application for a new or amended  
212.16 solid waste permit to the Pollution Control Agency. The first time a facility applies to the  
212.17 agency it must certify in its application that it will comply with the criteria in items (i) to (v)  
212.18 and the commissioner of the agency shall so certify to the commissioner of revenue who  
212.19 must grant the exemption. The facility must annually apply to the agency for certification  
212.20 to renew its exemption for the following year. The application must be filed according to  
212.21 the procedures of, and contain the information required by, the agency. The commissioner  
212.22 of revenue shall grant the exemption if the commissioner of the Pollution Control Agency  
212.23 finds and certifies to the commissioner of revenue that based on an evaluation of the  
212.24 composition of incoming waste and residuals and the quality and use of the product:

212.25 (i) generators separate materials at the source;

212.26 (ii) the separation is performed in a manner appropriate to the technology specific  
212.27 to the facility that:

212.28 (A) maximizes the quality of the product;

212.29 (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and

212.30 (C) provides an opportunity for significant improvement in the environmental  
212.31 efficiency of the operation;

212.32 (iii) the operator of the facility educates generators, in coordination with each county  
212.33 using the facility, about separating the waste to maximize the quality of the waste stream  
212.34 for technology specific to the facility;

212.35 (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total  
212.36 material delivered to the facility; and

- 213.1 (v) the final product is accepted for use;
- 213.2 (8) waste and waste by-products for which the tax has been paid; and
- 213.3 (9) daily cover for landfills that has been approved in writing by the Minnesota
- 213.4 Pollution Control Agency.

213.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

213.6 Sec. 12. Minnesota Statutes 2014, section 297I.05, subdivision 2, is amended to read:

213.7 Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on

213.8 ~~town and farmers'~~ township mutual insurance companies. The rate of tax is equal to one

213.9 percent of gross premiums less return premiums on all direct business received by the

213.10 insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

213.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

213.12 Sec. 13. Minnesota Statutes 2014, section 297I.10, subdivision 1, is amended to read:

213.13 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct

213.14 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross

213.15 premiums, less return premiums, on all direct business received by any licensed foreign or

213.16 domestic fire insurance company on property in a city of the first class, or by its agents for

213.17 it, in cash or otherwise.

213.18 (b) By July 31 and December 31 of each year, the commissioner ~~of management~~

213.19 ~~and budget~~ shall pay to each city of the first class a warrant for an amount equal to the

213.20 total amount of the surcharge on the premiums collected within that city since the previous

213.21 payment.

213.22 (c) The treasurer of the city shall place the money received under this subdivision

213.23 in a special account or fund to defray all or a portion of the employer contribution

213.24 requirement of public employees police and fire plan coverage for city firefighters.

213.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

213.26 Sec. 14. Minnesota Statutes 2014, section 297I.10, subdivision 3, is amended to read:

213.27 Subd. 3. **Appropriation.** The amount necessary to make the payments required

213.28 under this section is appropriated to the commissioner ~~of management and budget~~ from

213.29 the general fund.

213.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

214.1 Sec. 15. Minnesota Statutes 2014, section 298.01, subdivision 3b, is amended to read:

214.2 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under  
 214.3 subdivision 3, the deductions from gross income include only those expenses necessary  
 214.4 to convert raw ores to marketable quality. Such expenses include costs associated with  
 214.5 refinement but do not include expenses such as transportation, stockpiling, marketing, or  
 214.6 marine insurance that are incurred after marketable ores are produced, unless the expenses  
 214.7 are included in gross income. The allowable deductions from a mine or plant that mines  
 214.8 and produces more than one mineral, metal, or energy resource must be determined  
 214.9 separately for the purposes of computing the deduction in section 290.01, subdivision 19c,  
 214.10 clause (8). These deductions may be combined on one occupation tax return to arrive at  
 214.11 the deduction from gross income for all production.

214.12 (b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (8), and 19d,  
 214.13 clauses (6) and ~~(9)~~ (8), are not used to determine taxable income.

214.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

214.15 Sec. 16. Minnesota Statutes 2014, section 298.01, subdivision 4c, is amended to read:

214.16 Subd. 4c. **Special deductions; net operating loss.** (a) For purposes of determining  
 214.17 taxable income under subdivision 4, the provisions of section 290.01, subdivisions 19c,  
 214.18 clauses (6) and (8), and 19d, clauses (6) and ~~(9)~~ (8), are not used to determine taxable  
 214.19 income.

214.20 (b) ~~The amount of net operating loss incurred in a taxable year beginning before~~  
 214.21 ~~January 1, 1990, that may be carried over to a taxable year beginning after December 31,~~  
 214.22 ~~1989, is the amount of net operating loss carryover determined in the calculation of the~~  
 214.23 ~~hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40~~  
 214.24 ~~and 298.402.~~

214.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

214.26

## ARTICLE 15

214.27

### DEPARTMENT OF REVENUE TECHNICAL AND POLICY - PROPERTY TAX PROVISIONS

214.28

214.29 Section 1. Minnesota Statutes 2014, section 13.51, subdivision 2, is amended to read:

214.30 Subd. 2. **Income property assessment data.** The following data collected by  
 214.31 political subdivisions and the state from individuals or business entities concerning  
 214.32 income properties are classified as private or nonpublic data pursuant to section 13.02,  
 214.33 subdivisions 9 and 12:

- 215.1 (a) detailed income and expense figures;
- 215.2 (b) average vacancy factors;
- 215.3 (c) verified net rentable areas or net usable areas, whichever is appropriate;
- 215.4 (d) anticipated income and expenses;
- 215.5 (e) projected vacancy factors; and
- 215.6 (f) lease information.

215.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

215.8 Sec. 2. Minnesota Statutes 2014, section 270.071, subdivision 2, is amended to read:

215.9 Subd. 2. **Air commerce.** (a) "Air commerce" means the transportation by aircraft  
 215.10 of persons or property for hire in interstate, intrastate, or international transportation  
 215.11 on regularly scheduled flights or on intermittent or irregularly timed flights by airline  
 215.12 companies and includes transportation by any airline company making three or more  
 215.13 flights in or out of Minnesota, or within Minnesota, during a calendar year.

215.14 (b) "Air commerce" includes but is not limited to an intermittent or irregularly timed  
 215.15 flight, a flight arranged at the convenience of an airline and the person contracting for the  
 215.16 transportation, or a charter flight. It includes any airline company making three or more  
 215.17 flights in or out of Minnesota during a calendar year.

215.18 (c) "Air commerce" does not include casual transportation for hire by aircraft  
 215.19 commonly owned and used for private air flight purposes if the person furnishing the  
 215.20 transportation does not hold out to be engaged regularly in transportation for hire.

215.21 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 215.22 thereafter.

215.23 Sec. 3. Minnesota Statutes 2014, section 270.071, subdivision 7, is amended to read:

215.24 Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment  
 215.25 used in connection therewith, including spare flight equipment. Flight property also  
 215.26 includes computers and computer software used in operating, controlling, or regulating  
 215.27 aircraft and flight equipment. Flight property does not include aircraft with a maximum  
 215.28 takeoff weight of less than 30,000 pounds.

215.29 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 215.30 thereafter.

215.31 Sec. 4. Minnesota Statutes 2014, section 270.071, subdivision 8, is amended to read:

216.1 Subd. 8. **Person.** "Person" means ~~any~~ an individual, ~~corporation, firm,~~  
 216.2 ~~copartnership, company, or association, and includes any guardian, trustee, executor,~~  
 216.3 ~~administrator, receiver, conservator, or any person acting in any fiduciary capacity therefor~~  
 216.4 trust, estate, fiduciary, partnership, company, corporation, limited liability company,  
 216.5 association, governmental unit or agency, public or private organization of any kind,  
 216.6 or other legal entity.

216.7 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 216.8 thereafter.

216.9 Sec. 5. Minnesota Statutes 2014, section 270.071, is amended by adding a subdivision  
 216.10 to read:

216.11 Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly  
 216.12 timed flights" means any flight in which the departure time, departure location, and arrival  
 216.13 location are specifically negotiated with the customer or the customer's representative,  
 216.14 including but not limited to charter flights.

216.15 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 216.16 thereafter.

216.17 Sec. 6. Minnesota Statutes 2014, section 270.072, subdivision 2, is amended to read:

216.18 Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is  
 216.19 leased, loaned, or otherwise made available to an airline company operating in Minnesota  
 216.20 shall be assessed and appraised annually by the commissioner with reference to its value  
 216.21 on January 2 of the assessment year in the manner prescribed by sections 270.071 to  
 216.22 270.079. ~~Aircraft with a gross weight of less than 30,000 pounds and used on intermittent~~  
 216.23 ~~or irregularly timed flights shall be excluded from the provisions of sections 270.071 to~~  
 216.24 ~~270.079.~~

216.25 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 216.26 thereafter.

216.27 Sec. 7. Minnesota Statutes 2014, section 270.072, subdivision 3, is amended to read:

216.28 Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every  
 216.29 airline company engaged in air commerce in this state shall file with the commissioner a  
 216.30 report under oath setting forth specifically the information prescribed by the commissioner  
 216.31 to enable the commissioner to make the assessment required in sections 270.071 to  
 216.32 270.079, unless the commissioner determines that the airline company ~~or person should be~~

217.1 ~~excluded from~~ is exempt from filing because its activities do not constitute air commerce  
 217.2 ~~as defined herein.~~

217.3 (b) The commissioner shall prescribe the content, format, and manner of the report  
 217.4 pursuant to section 270C.30, except that a "law administered by the commissioner"  
 217.5 includes the property tax laws. If a report is made by electronic means, the taxpayer's  
 217.6 signature is defined pursuant to section 270C.304, except that a "law administered by the  
 217.7 commissioner" includes the property tax laws.

217.8 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports  
 217.9 filed in 2016 and thereafter. The amendment adding paragraph (b) is effective the day  
 217.10 following final enactment.

217.11 Sec. 8. Minnesota Statutes 2014, section 270.072, is amended by adding a subdivision  
 217.12 to read:

217.13 Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report  
 217.14 required by subdivision 3, the commissioner may, from information in the commissioner's  
 217.15 possession or obtainable by the commissioner, make and file a report for the airline  
 217.16 company, or may issue a notice of net tax capacity and tax under section 270.075,  
 217.17 subdivision 2.

217.18 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 217.19 thereafter.

217.20 Sec. 9. Minnesota Statutes 2014, section 270.12, is amended by adding a subdivision  
 217.21 to read:

217.22 Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a  
 217.23 considerable amount of property has been undervalued or overvalued compared to like  
 217.24 property such that the assessment is grossly unfair or inequitable, the State Board of  
 217.25 Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders  
 217.26 to the county assessor to reassess all or any part of a parcel in a county.

217.27 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 217.28 thereafter.

217.29 Sec. 10. Minnesota Statutes 2014, section 270.82, subdivision 1, is amended to read:

217.30 Subdivision 1. **Annual report required.** Every railroad company doing business  
 217.31 in Minnesota shall annually file with the commissioner on or before March 31 a report  
 217.32 under oath setting forth the information prescribed by the commissioner to enable the

218.1 commissioner to make the valuation and equalization required by sections 270.80 to  
 218.2 270.87. The commissioner shall prescribe the content, format, and manner of the report  
 218.3 pursuant to section 270C.30, except that a "law administered by the commissioner"  
 218.4 includes the property tax laws. If a report is made by electronic means, the taxpayer's  
 218.5 signature is defined pursuant to section 270C.304, except that a "law administered by the  
 218.6 commissioner" includes the property tax laws.

218.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

218.8 Sec. 11. Minnesota Statutes 2014, section 270C.89, subdivision 1, is amended to read:

218.9 Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the  
 218.10 commissioner a copy of the abstract that will be acted upon by the local and county  
 218.11 boards of review. The abstract must list the real and personal property in the county  
 218.12 itemized by assessment districts. The assessor of each county in the state shall file with  
 218.13 the commissioner, within ten working days following final action of the local board of  
 218.14 review or equalization and within five days following final action of the county board of  
 218.15 equalization, any changes made by the local or county board. The information must be  
 218.16 filed in the manner prescribed by the commissioner. ~~It must be accompanied by a printed~~  
 218.17 ~~or typewritten copy of the proceedings of the appropriate board.~~

218.18 **EFFECTIVE DATE.** This section is effective for county boards of appeal and  
 218.19 equalization meetings held in 2016 and thereafter.

218.20 Sec. 12. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

218.21 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property  
 218.22 enumerated below, all personal property and the property described in section 272.03,  
 218.23 subdivision 1, paragraphs (c) and (d), shall be exempt.

218.24 The following personal property shall be taxable:

218.25 (a) personal property which is part of (i) an electric generating, transmission, or  
 218.26 distribution system ~~or~~; (ii) a pipeline system transporting or distributing ~~water, gas, crude~~  
 218.27 ~~oil, or petroleum~~ products; or (iii) mains and pipes used in the distribution of steam or hot  
 218.28 or chilled water for heating or cooling buildings and structures;

218.29 (b) railroad docks and wharves which are part of the operating property of a railroad  
 218.30 company as defined in section 270.80;

218.31 (c) personal property defined in section 272.03, subdivision 2, clause (3);

219.1 (d) leasehold or other personal property interests which are taxed pursuant to section  
 219.2 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
 219.3 providing the property is taxable as if the lessee or user were the fee owner;

219.4 (e) manufactured homes and sectional structures, including storage sheds, decks,  
 219.5 and similar removable improvements constructed on the site of a manufactured home,  
 219.6 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision  
 219.7 8, paragraph (f); and

219.8 (f) flight property as defined in section 270.071.

219.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

219.10 Sec. 13. Minnesota Statutes 2014, section 272.029, subdivision 2, is amended to read:

219.11 Subd. 2. **Definitions.** (a) For the purposes of this section, the term:

219.12 (1) "wind energy conversion system" has the meaning given in section 216C.06,  
 219.13 subdivision 19, and also includes a substation that is used and owned by one or more  
 219.14 wind energy conversion facilities;

219.15 (2) "large scale wind energy conversion system" means a wind energy conversion  
 219.16 system of more than 12 megawatts, as measured by the nameplate capacity of the system  
 219.17 or as combined with other systems as provided in paragraph (b);

219.18 (3) "medium scale wind energy conversion system" means a wind energy conversion  
 219.19 system of over two and not more than 12 megawatts, as measured by the nameplate  
 219.20 capacity of the system or as combined with other systems as provided in paragraph (b); and

219.21 (4) "small scale wind energy conversion system" means a wind energy conversion  
 219.22 system of two megawatts and under, as measured by the nameplate capacity of the system  
 219.23 or as combined with other systems as provided in paragraph (b).

219.24 (b) For systems installed and contracted for after January 1, 2002, the total size of a  
 219.25 wind energy conversion system under this subdivision shall be determined according to  
 219.26 this paragraph. Unless the systems are interconnected with different distribution systems,  
 219.27 the nameplate capacity of one wind energy conversion system shall be combined with the  
 219.28 nameplate capacity of any other wind energy conversion system that is:

219.29 (1) located within five miles of the wind energy conversion system;

219.30 (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy  
 219.31 conversion system; and

219.32 (3) under common ownership.

219.33 In the case of a dispute, the commissioner of commerce shall determine the total size  
 219.34 of the system, and shall draw all reasonable inferences in favor of combining the systems.

220.1 (c) In making a determination under paragraph (b), the commissioner of commerce  
 220.2 may determine that two wind energy conversion systems are under common ownership  
 220.3 when the underlying ownership structure contains similar persons or entities, even if the  
 220.4 ownership shares differ between the two systems. Wind energy conversion systems are  
 220.5 not under common ownership solely because the same person or entity provided equity  
 220.6 financing for the systems.

220.7 **EFFECTIVE DATE.** This section is effective for reports filed in 2016 and thereafter.

220.8 Sec. 14. Minnesota Statutes 2014, section 272.029, subdivision 4, is amended to read:

220.9 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax  
 220.10 under subdivision 3 shall file a report with the commissioner of revenue annually on  
 220.11 or before ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours  
 220.12 that was produced by the wind energy conversion system for the previous calendar year.  
 220.13 The commissioner shall prescribe the form of the report. The report must contain the  
 220.14 information required by the commissioner to determine the tax due to each county under  
 220.15 this section for the current year. If an owner of a wind energy conversion system subject  
 220.16 to taxation under this section fails to file the report by the due date, the commissioner  
 220.17 of revenue shall determine the tax based upon the nameplate capacity of the system  
 220.18 multiplied by a capacity factor of 60 percent.

220.19 (b) On or before February 28, the commissioner of revenue shall notify the owner of  
 220.20 the wind energy conversion systems of the tax due to each county for the current year and  
 220.21 shall certify to the county auditor of each county in which the systems are located the tax  
 220.22 due from each owner for the current year.

220.23 **EFFECTIVE DATE.** This section is effective for reports filed in 2016 and thereafter.

220.24 Sec. 15. Minnesota Statutes 2014, section 272.029, is amended by adding a subdivision  
 220.25 to read:

220.26 Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for  
 220.27 filing the report required by subdivision 4. The extension must not exceed 15 days.

220.28 **EFFECTIVE DATE.** This section is effective for reports filed in 2016 and thereafter.

220.29 Sec. 16. Minnesota Statutes 2014, section 273.032, is amended to read:

220.30 **273.032 MARKET VALUE DEFINITION.**

221.1 (a) Unless otherwise provided, for the purpose of determining any property tax  
 221.2 levy limitation based on market value or any limit on net debt, the issuance of bonds,  
 221.3 certificates of indebtedness, or capital notes based on market value, any qualification to  
 221.4 receive state aid based on market value, or any state aid amount based on market value,  
 221.5 the terms "market value," "estimated market value," and "market valuation," whether  
 221.6 equalized or unequalized, mean the estimated market value of taxable property within the  
 221.7 local unit of government before any of the following or similar adjustments for:

221.8 (1) the market value exclusions under:

221.9 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

221.10 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

221.11 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business  
 221.12 properties);

221.13 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

221.14 ~~(v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);~~

221.15 ~~(vi)~~ (v) section 273.13, subdivision 34 (homestead of a disabled veteran or family  
 221.16 caregiver); or

221.17 ~~(vii)~~ (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

221.18 (2) the deferment of value under:

221.19 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

221.20 (ii) the Aggregate Resource Preservation Law, section 273.1115;

221.21 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

221.22 (iv) the rural preserves property tax program, section 273.114; or

221.23 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

221.24 (3) the adjustments to tax capacity for:

221.25 (i) tax increment financing under sections 469.174 to 469.1794;

221.26 (ii) fiscal disparities under chapter 276A or 473F; or

221.27 (iii) powerline credit under section 273.425.

221.28 (b) Estimated market value under paragraph (a) also includes the market value  
 221.29 of tax-exempt property if the applicable law specifically provides that the limitation,  
 221.30 qualification, or aid calculation includes tax-exempt property.

221.31 (c) Unless otherwise provided, "market value," "estimated market value," and  
 221.32 "market valuation" for purposes of property tax levy limitations and calculation of state  
 221.33 aid, refer to the estimated market value for the previous assessment year and for purposes  
 221.34 of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes  
 221.35 refer to the estimated market value as last finally equalized.

222.1 (d) For purposes of a provision of a home rule charter or of any special law that is not  
 222.2 codified in the statutes and that imposes a levy limitation based on market value or any limit  
 222.3 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market  
 222.4 value, the terms "market value," "taxable market value," and "market valuation," whether  
 222.5 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

222.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

222.7 Sec. 17. Minnesota Statutes 2014, section 273.061, subdivision 7, is amended to read:

222.8 Subd. 7. **Division of duties between local and county assessor.** The duty of the  
 222.9 duly appointed local assessor shall be to view and appraise the value of all property as  
 222.10 provided by law, but all the book work shall be done by the county assessor, or the  
 222.11 assessor's assistants, and the value of all property subject to assessment and taxation shall  
 222.12 be determined by the county assessor, except as otherwise hereinafter provided. If directed  
 222.13 by the county assessor, the local assessor ~~shall~~ must perform the duties enumerated in  
 222.14 subdivision 8, clause (16), and must enter construction and valuation data into the records  
 222.15 in the manner prescribed by the county auditor.

222.16 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 222.17 thereafter.

222.18 Sec. 18. Minnesota Statutes 2014, section 273.08, is amended to read:

222.19 **273.08 ASSESSOR'S DUTIES.**

222.20 The assessor shall actually view, and determine the market value of each tract or lot  
 222.21 of real property listed for taxation, including the value of all improvements and structures  
 222.22 thereon, at maximum intervals of five years and shall enter the value opposite each  
 222.23 description. When directed by the county assessor, local assessors must enter construction  
 222.24 and valuation data into the records in the manner prescribed by the county assessor.

222.25 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 222.26 thereafter.

222.27 Sec. 19. Minnesota Statutes 2014, section 273.121, is amended by adding a subdivision  
 222.28 to read:

222.29 Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers  
 222.30 of a county assessor, who does not comply with the timely notice requirement under  
 222.31 subdivision 1 must:

223.1 (1) mail an additional valuation notice to each person who was not provided timely  
 223.2 notice; and

223.3 (2) convene a supplemental local board of appeal and equalization or local review  
 223.4 session no sooner than ten days after sending the additional notices required by clause (1).

223.5 **EFFECTIVE DATE.** This section is effective for valuation notices sent in 2016  
 223.6 and thereafter.

223.7 Sec. 20. Minnesota Statutes 2014, section 273.33, subdivision 1, is amended to read:

223.8 Subdivision 1. **Listing and assessment in county.** The personal property of express,  
 223.9 stage and transportation companies, and of pipeline companies engaged in the business  
 223.10 of transporting ~~natural gas, gasoline, crude oil, or other petroleum~~ products, except as  
 223.11 otherwise provided by law, shall be listed and assessed in the county, town or district  
 223.12 where the same is usually kept.

223.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

223.14 Sec. 21. Minnesota Statutes 2014, section 273.33, subdivision 2, is amended to read:

223.15 Subd. 2. **Listing and assessment by commissioner.** The personal property,  
 223.16 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of  
 223.17 pipeline companies and others engaged in the operations or business of transporting  
 223.18 ~~natural gas, gasoline, crude oil, or other petroleum~~ products by pipelines, shall be listed  
 223.19 with and assessed by the commissioner of revenue and the values provided to the  
 223.20 city or county assessor by order. This subdivision shall not apply to the assessment of  
 223.21 the products transported through the pipelines nor to the lines of local commercial gas  
 223.22 companies engaged primarily in the business of distributing gas products to consumers at  
 223.23 retail nor to pipelines used by the owner thereof to supply ~~natural gas or other petroleum~~  
 223.24 products exclusively for such owner's own consumption and not for resale to others. If  
 223.25 more than 85 percent of the ~~natural gas or other petroleum~~ products actually transported  
 223.26 over the pipeline is used for the owner's own consumption and not for resale to others,  
 223.27 then this subdivision shall not apply; provided, however, that in that event, the pipeline  
 223.28 shall be assessed in proportion to the percentage of gas products actually transported over  
 223.29 such pipeline that is not used for the owner's own consumption. On or before August 1,  
 223.30 the commissioner shall certify to the auditor of each county, the amount of such personal  
 223.31 property assessment against each company in each district in which such property is  
 223.32 located. If the commissioner determines that the amount of personal property assessment  
 223.33 certified on or before August 1 is in error, the commissioner may issue a corrected

224.1 certification on or before October 1. The commissioner may correct errors that are merely  
224.2 clerical in nature until December 31.

224.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

224.4 Sec. 22. Minnesota Statutes 2014, section 273.371, is amended to read:

224.5 **273.371 REPORTS OF UTILITY COMPANIES.**

224.6 Subdivision 1. **Report required.** Every electric light, power, gas, water, express,  
224.7 stage, and transportation company<sub>2</sub> and pipeline company doing business in Minnesota  
224.8 shall annually file with the commissioner on or before March 31 a report under oath setting  
224.9 forth the information prescribed by the commissioner to enable the commissioner to make  
224.10 valuations, recommended valuations, and equalization required under sections 273.33,  
224.11 273.35, 273.36, 273.37, and 273.3711. If all the required information is not available on  
224.12 March 31, the company or pipeline shall file the information that is available on or before  
224.13 March 31, and the balance of the information as soon as it becomes available.

224.14 Subd. 2. **Extension.** The commissioner for good cause may extend the time for  
224.15 filing the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

224.16 Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report  
224.17 required by subdivision 1, the commissioner may, from information in the commissioner's  
224.18 possession or obtainable by the commissioner, make and file a report for the company, or  
224.19 make the valuations, recommended valuations, and equalizations required under sections  
224.20 273.33, 273.35 to 273.37, and 273.3711.

224.21 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
224.22 thereafter.

224.23 Sec. 23. Minnesota Statutes 2014, section 273.372, subdivision 2, is amended to read:

224.24 Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required  
224.25 to be brought against the commissioner under this section, the petition initiating the appeal  
224.26 must be served on the commissioner and must be filed with the Tax Court in Ramsey  
224.27 County, as provided in paragraph (b) or (c).

224.28 (b) If the appeal to court is from an order of the commissioner, it must be brought  
224.29 under chapter 271 and filed within the time period prescribed in section 271.06,  
224.30 subdivision 2, except that when the provisions of this section conflict with chapter  
224.31 271 or 278, this section prevails. In addition, the petition must include all the parcels  
224.32 encompassed by that order which the petitioner claims have been partially, unfairly,  
224.33 or unequally assessed, assessed at a valuation greater than their real or actual value,

225.1 misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a  
 225.2 certification or notice of value by the commissioner for property described in subdivision  
 225.3 1, or (2) the final determination by the commissioner of either an administrative appeal  
 225.4 conference or informal administrative appeal described in subdivision 4.

225.5 (c) If the appeal is from the tax that results from implementation of the  
 225.6 commissioner's order, certification, or recommendation, it must be brought under  
 225.7 chapter 278, and the provisions in that chapter apply, except that service shall be on the  
 225.8 commissioner only and not on the local officials specified in section 278.01, subdivision 1,  
 225.9 and if any other provision of this section conflicts with chapter 278, this section prevails.  
 225.10 In addition, the petition must include either all the utility parcels or all the railroad parcels  
 225.11 in the state in which the petitioner claims an interest and which the petitioner claims have  
 225.12 been partially, unfairly, or unequally assessed, assessed at a valuation greater than their  
 225.13 real or actual value, misclassified, or are exempt.

225.14 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 225.15 thereafter.

225.16 Sec. 24. Minnesota Statutes 2014, section 273.372, subdivision 4, is amended to read:

225.17 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under  
 225.18 section 270.82 or 273.371 by the date specified in that section, or by the date specified  
 225.19 by the commissioner in an extension, may appeal administratively to the commissioner  
 225.20 prior to bringing an action in court.

225.21 (b) Companies ~~that must submit reports under section 270.82 must submit~~ file a  
 225.22 written request ~~to for an appeal with~~ the commissioner ~~for a conference~~ within ~~ten~~ 30  
 225.23 days after the notice date of the commissioner's valuation certification or other notice  
 225.24 to the company, ~~or by June 15, whichever is earlier.~~ For purposes of this section, the  
 225.25 term "notice date" means the date of the valuation certification, commissioner's order,  
 225.26 recommendation, or other notice.

225.27 (c) ~~Companies that submit reports under section 273.371 must submit a written~~  
 225.28 ~~request to the commissioner for a conference within ten days after the date of the~~  
 225.29 ~~commissioner's valuation certification or notice to the company, or by July 1, whichever~~  
 225.30 ~~is earlier.~~ The appeal need not be in any particular form but must contain the following  
 225.31 information:

- 225.32 (1) name and address of the company;
- 225.33 (2) the date;
- 225.34 (3) its Minnesota identification number;
- 225.35 (4) the assessment year or period involved;

226.1 (5) the findings in the valuation that the company disputes;  
 226.2 (6) a summary statement specifying its reasons for disputing each item; and  
 226.3 (7) the signature of the company's duly authorized agent or representative.

226.4 (d) When requested in writing and within the time allowed for filing an  
 226.5 administrative appeal, the commissioner may extend the time for filing an appeal for a  
 226.6 period of not more than 15 days from the expiration of the time for filing the appeal.

226.7 ~~(d)~~ (e) The commissioner shall conduct the conference either in person or by  
 226.8 telephone upon the commissioner's entire files and records and such further information as  
 226.9 may be offered. The conference must be held no later than 20 days after the date of the  
 226.10 commissioner's valuation certification or notice to the company, or by the date specified  
 226.11 by the commissioner in an extension request for an appeal. Within 60 30 days after the  
 226.12 conference the commissioner shall make a final determination of the matter and shall  
 226.13 notify the company promptly of the determination. The conference is not a contested  
 226.14 case hearing subject to chapter 14.

226.15 ~~(e) In addition to the opportunity for a conference under paragraph (a), the~~  
 226.16 ~~commissioner shall also provide the railroad and utility companies the opportunity to~~  
 226.17 ~~discuss any questions or concerns relating to the values established by the commissioner~~  
 226.18 ~~through certification or notice in a less formal manner. This does not change or modify~~  
 226.19 ~~the deadline for requesting a conference under paragraph (a), the deadline in section~~  
 226.20 ~~271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for~~  
 226.21 ~~appealing property taxes in court.~~

226.22 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 226.23 thereafter.

226.24 Sec. 25. Minnesota Statutes 2014, section 273.372, is amended by adding a subdivision  
 226.25 to read:

226.26 **Subd. 5. Agreement determining valuation.** When it appears to be in the best  
 226.27 interest of the state, the commissioner may settle any matter under consideration regarding  
 226.28 an appeal filed under this section. The agreement must be in writing and signed by  
 226.29 the commissioner and the company or the company's authorized representative. The  
 226.30 agreement is final and conclusive, and except upon a showing of fraud, malfeasance,  
 226.31 or misrepresentation of a material fact, the case may not be reopened as to the matters  
 226.32 agreed upon.

226.33 **EFFECTIVE DATE.** This section is effective for assessment year 2016 and  
 226.34 thereafter.

227.1 Sec. 26. Minnesota Statutes 2014, section 273.372, is amended by adding a subdivision  
227.2 to read:

227.3 Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative  
227.4 appeal from an order of the commissioner and also files an appeal to the tax court for  
227.5 that same order of the commissioner, the administrative appeal is dismissed and the  
227.6 commissioner is no longer required to make the determination of appeal under subdivision  
227.7 4.

227.8 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

227.9 Sec. 27. Minnesota Statutes 2014, section 274.01, subdivision 1, is amended to read:

227.10 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town  
227.11 board of a town, or the council or other governing body of a city, is the local board  
227.12 of appeal and equalization except (1) in cities whose charters provide for a board of  
227.13 equalization or (2) in any city or town that has transferred its local board of review power  
227.14 and duties to the county board as provided in subdivision 3. The county assessor shall  
227.15 fix a day and time when ~~the board~~ or the local board of equalization shall meet in the  
227.16 assessment districts of the county. Notwithstanding any law or city charter to the contrary,  
227.17 a city board of equalization shall be referred to as a local board of appeal and equalization.  
227.18 On or before February 15 of each year the assessor shall give written notice of the time  
227.19 to the city or town clerk. Notwithstanding the provisions of any charter to the contrary,  
227.20 the meetings must be held between April 1 and May 31 each year. The clerk shall give  
227.21 published and posted notice of the meeting at least ten days before the date of the meeting.

227.22 The board shall meet either at a central location within the county or at the office of  
227.23 the clerk to review the assessment and classification of property in the town or city. No  
227.24 changes in valuation or classification which are intended to correct errors in judgment by  
227.25 the county assessor may be made by the county assessor after the board has adjourned  
227.26 in those cities or towns that hold a local board of review; however, corrections of errors  
227.27 that are merely clerical in nature or changes that extend homestead treatment to property  
227.28 are permitted after adjournment until the tax extension date for that assessment year. The  
227.29 changes must be fully documented and maintained in the assessor's office and must be  
227.30 available for review by any person. A copy of the changes made during this period in  
227.31 those cities or towns that hold a local board of review must be sent to the county board no  
227.32 later than December 31 of the assessment year.

227.33 (b) The board shall determine whether the taxable property in the town or city has  
227.34 been properly placed on the list and properly valued by the assessor. If real or personal  
227.35 property has been omitted, the board shall place it on the list with its market value, and

228.1 correct the assessment so that each tract or lot of real property, and each article, parcel,  
228.2 or class of personal property, is entered on the assessment list at its market value. No  
228.3 assessment of the property of any person may be raised unless the person has been  
228.4 duly notified of the intent of the board to do so. On application of any person feeling  
228.5 aggrieved, the board shall review the assessment or classification, or both, and correct  
228.6 it as appears just. The board may not make an individual market value adjustment or  
228.7 classification change that would benefit the property if the owner or other person having  
228.8 control over the property has refused the assessor access to inspect the property and the  
228.9 interior of any buildings or structures as provided in section 273.20. A board member  
228.10 shall not participate in any actions of the board which result in market value adjustments  
228.11 or classification changes to property owned by the board member, the spouse, parent,  
228.12 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,  
228.13 or niece of a board member, or property in which a board member has a financial interest.  
228.14 The relationship may be by blood or marriage.

228.15 (c) A local board may reduce assessments upon petition of the taxpayer but the total  
228.16 reductions must not reduce the aggregate assessment made by the county assessor by more  
228.17 than one percent. If the total reductions would lower the aggregate assessments made by  
228.18 the county assessor by more than one percent, none of the adjustments may be made. The  
228.19 assessor shall correct any clerical errors or double assessments discovered by the board  
228.20 without regard to the one percent limitation.

228.21 (d) A local board does not have authority to grant an exemption or to order property  
228.22 removed from the tax rolls.

228.23 (e) A majority of the members may act at the meeting, and adjourn from day to day  
228.24 until they finish hearing the cases presented. The assessor shall attend and take part in  
228.25 the proceedings, but must not vote. The county assessor, or an assistant delegated by the  
228.26 county assessor shall attend the meetings. The board shall list separately all omitted  
228.27 property added to the list by the board and all items of property increased or decreased,  
228.28 with the market value of each item of property, added or changed by the board. The  
228.29 county assessor shall enter all changes made by the board.

228.30 (f) Except as provided in subdivision 3, if a person fails to appear in person, by  
228.31 counsel, or by written communication before the board after being duly notified of the  
228.32 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an  
228.33 assessment or classification fails to apply for a review of the assessment or classification,  
228.34 the person may not appear before the county board of appeal and equalization for a review.  
228.35 This paragraph does not apply if an assessment was made after the local board meeting, as

229.1 provided in section 273.01, or if the person can establish not having received notice of  
229.2 market value at least five days before the local board meeting.

229.3 (g) The local board must complete its work and adjourn within 20 days from the  
229.4 time of convening stated in the notice of the clerk, unless a longer period is approved by  
229.5 the commissioner of revenue. No action taken after that date is valid. All complaints  
229.6 about an assessment or classification made after the meeting of the board must be heard  
229.7 and determined by the county board of equalization. A nonresident may, at any time,  
229.8 before the meeting of the board file written objections to an assessment or classification  
229.9 with the county assessor. The objections must be presented to the board at its meeting by  
229.10 the county assessor for its consideration.

229.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

229.12 Sec. 28. Minnesota Statutes 2014, section 274.13, subdivision 1, is amended to read:

229.13 Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county  
229.14 commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be  
229.15 present, the deputy county auditor, or, if there is no deputy, the court administrator of the  
229.16 district court, shall form a board for the equalization of the assessment of the property  
229.17 of the county, including the property of all cities whose charters provide for a board of  
229.18 equalization. This board shall be referred to as the county board of appeal and equalization.  
229.19 The board shall meet annually, on the date specified in section 274.14, at the office of the  
229.20 auditor. Each member shall take an oath to fairly and impartially perform duties as a  
229.21 member. Members shall not participate in any actions of the board which result in market  
229.22 value adjustments or classification changes to property owned by the board member, the  
229.23 spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle,  
229.24 aunt, nephew, or niece of a board member, or property in which a board member has a  
229.25 financial interest. The relationship may be by blood or marriage. The board shall examine  
229.26 and compare the returns of the assessment of property of the towns or districts, and  
229.27 equalize them so that each tract or lot of real property and each article or class of personal  
229.28 property is entered on the assessment list at its market value, subject to the following rules:

229.29 (1) The board shall raise the valuation of each tract or lot of real property which  
229.30 in its opinion is returned below its market value to the sum believed to be its market  
229.31 value. The board must first give notice of intention to raise the valuation to the person in  
229.32 whose name it is assessed, if the person is a resident of the county. The notice must fix  
229.33 a time and place for a hearing.

229.34 (2) The board shall reduce the valuation of each tract or lot which in its opinion is  
229.35 returned above its market value to the sum believed to be its market value.

230.1 (3) The board shall raise the valuation of each class of personal property which  
230.2 in its opinion is returned below its market value to the sum believed to be its market  
230.3 value. It shall raise the aggregate value of the personal property of individuals, firms, or  
230.4 corporations, when it believes that the aggregate valuation, as returned, is less than the  
230.5 market value of the taxable personal property possessed by the individuals, firms, or  
230.6 corporations, to the sum it believes to be the market value. The board must first give notice  
230.7 to the persons of intention to do so. The notice must set a time and place for a hearing.

230.8 (4) The board shall reduce the valuation of each class of personal property that  
230.9 is returned above its market value to the sum it believes to be its market value. Upon  
230.10 complaint of a party aggrieved, the board shall reduce the aggregate valuation of the  
230.11 individual's personal property, or of any class of personal property for which the individual  
230.12 is assessed, which in its opinion has been assessed at too large a sum, to the sum it believes  
230.13 was the market value of the individual's personal property of that class.

230.14 (5) The board must not reduce the aggregate value of all the property of its county, as  
230.15 submitted to the county board of equalization, with the additions made by the auditor under  
230.16 this chapter, by more than one percent of its whole valuation. The board may raise the  
230.17 aggregate valuation of real property, and of each class of personal property, of the county,  
230.18 or of any town or district of the county, when it believes it is below the market value of the  
230.19 property, or class of property, to the aggregate amount it believes to be its market value.

230.20 (6) The board shall change the classification of any property which in its opinion  
230.21 is not properly classified.

230.22 (7) The board does not have the authority to grant an exemption or to order property  
230.23 removed from the tax rolls.

230.24 (8) The board may not make an individual market value adjustment or classification  
230.25 change that would benefit property if the owner or other person having control over the  
230.26 property has refused the assessor access to inspect the property and the interior of any  
230.27 buildings or structures as provided in section 273.20.

230.28 **EFFECTIVE DATE.** This section is effective for county board of appeal and  
230.29 equalization meetings in 2016 and thereafter.

230.30 Sec. 29. Minnesota Statutes 2014, section 274.135, subdivision 3, is amended to read:

230.31 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts  
230.32 county boards of appeal and equalization meetings must provide proof to the commissioner  
230.33 by ~~December 1, 2009, and each year thereafter,~~ February 1 that it is in compliance with the  
230.34 requirements of subdivision 2. ~~Beginning in 2009,~~ This notice must also verify that there  
230.35 was a quorum of voting members at each meeting of the board of appeal and equalization

231.1 in the ~~current~~ previous year. A county that does not comply with these requirements is  
231.2 deemed to have transferred its board of appeal and equalization powers to the special  
231.3 board of equalization appointed pursuant to section 274.13, subdivision 2, beginning  
231.4 with the following year's assessment and continuing unless the powers are reinstated  
231.5 under paragraph (c). A county that does not comply with the requirements of subdivision  
231.6 2 and has not appointed a special board of equalization shall appoint a special board of  
231.7 equalization before the following year's assessment.

231.8 (b) The county shall notify the taxpayers when the board of appeal and equalization  
231.9 for a county has been transferred to the special board of equalization under this subdivision  
231.10 and, prior to the meeting time of the special board of equalization, the county shall make  
231.11 available to those taxpayers a procedure for a review of the assessments, including, but  
231.12 not limited to, open book meetings. This alternate review process must take place in  
231.13 April and May.

231.14 (c) A county board whose powers are transferred to the special board of equalization  
231.15 under this subdivision may be reinstated by resolution of the county board and upon proof  
231.16 of compliance with the requirements of subdivision 2. The resolution and proofs must  
231.17 be provided to the commissioner by ~~December~~ February 1 in order to be effective for  
231.18 the ~~following~~ current year's assessment.

231.19 (d) If a person who was entitled to appeal to the county board of appeal and  
231.20 equalization or to the county special board of equalization is not able to do so in a  
231.21 particular year because the county board or special board did not meet the quorum and  
231.22 training requirements in this section and section 274.13, or because the special board  
231.23 was not appointed, that person may instead appeal to the commissioner of revenue,  
231.24 provided that the appeal is received by the commissioner prior to August 1. The appeal  
231.25 is not subject to either chapter 14 or section 270C.92. The commissioner must issue  
231.26 an appropriate order to the county assessor in response to each timely appeal, either  
231.27 upholding or changing the valuation or classification of the property. Prior to October 1 of  
231.28 each year, the commissioner must charge and bill the county where the property is located  
231.29 \$500 for each tax parcel covered by an order issued under this paragraph in that year.  
231.30 Amounts received by the commissioner under this paragraph must be deposited in the  
231.31 state's general fund. If payment of a billed amount is not received by the commissioner  
231.32 before December 1 of the year when billed, the commissioner must deduct that unpaid  
231.33 amount from any state aid the commissioner would otherwise pay to the county under  
231.34 chapter 477A in the next year. Late payments may either be returned to the county  
231.35 uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid  
231.36 paid to the county under chapter 477A must be adjusted within 12 months to eliminate any

232.1 reduction that occurred because the payment was late. Amounts needed to make these  
232.2 adjustments are included in the appropriation under section 477A.03, subdivision 2.

232.3 **EFFECTIVE DATE.** This section is effective for county boards of appeal and  
232.4 equalization meetings held in 2016 and thereafter.

232.5 Sec. 30. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

232.6 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the  
232.7 contrary, on or before September 30, each county and each home rule charter or statutory  
232.8 city shall certify to the county auditor the proposed property tax levy for taxes payable in  
232.9 the following year.

232.10 (b) Notwithstanding any law or charter to the contrary, on or before September 15,  
232.11 each town and each special taxing district shall adopt and certify to the county auditor a  
232.12 proposed property tax levy for taxes payable in the following year. For towns, the final  
232.13 certified levy shall also be considered the proposed levy.

232.14 (c) On or before September 30, each school district that has not mutually agreed  
232.15 with its home county to extend this date shall certify to the county auditor the proposed  
232.16 property tax levy for taxes payable in the following year. Each school district that has  
232.17 agreed with its home county to delay the certification of its proposed property tax levy  
232.18 must certify its proposed property tax levy for the following year no later than October  
232.19 7. The school district shall certify the proposed levy as:

232.20 (1) a specific dollar amount by school district fund, broken down between  
232.21 voter-approved and non-voter-approved levies and between referendum market value  
232.22 and tax capacity levies; or

232.23 (2) the maximum levy limitation certified by the commissioner of education  
232.24 according to section 126C.48, subdivision 1.

232.25 (d) If the board of estimate and taxation or any similar board that establishes  
232.26 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum  
232.27 property tax levies for funds under its jurisdiction by charter to the county auditor by the  
232.28 date specified in paragraph (a), the city shall be deemed to have certified its levies for  
232.29 those taxing jurisdictions.

232.30 (e) For purposes of this section, "special taxing district" means a special taxing  
232.31 district as defined in section 275.066. Intermediate school districts that levy a tax  
232.32 under chapter 124 or 136D, joint powers boards established under sections 123A.44 to  
232.33 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are  
232.34 also special taxing districts for purposes of this section.

233.1 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed  
 233.2 tax levy under this subdivision, the taxing authority shall announce the time and place  
 233.3 of its any subsequent regularly scheduled meetings at which the budget and levy will be  
 233.4 discussed and at which the public will be allowed to speak. The time and place of those  
 233.5 meetings must be included in the proceedings or summary of proceedings published in the  
 233.6 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

233.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

233.8 Sec. 31. Minnesota Statutes 2014, section 275.62, subdivision 2, is amended to read:

233.9 Subd. 2. **Local governments required to report.** For purposes of this section,  
 233.10 "local governmental unit" means a county, home rule charter or statutory city with a  
 233.11 population greater than 2,500, ~~a town with a population greater than 5,000, or a home rule~~  
 233.12 ~~charter or statutory city or town that receives a distribution from the taconite municipal aid~~  
 233.13 ~~account in the levy year.~~

233.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

233.15 Sec. 32. Minnesota Statutes 2014, section 278.01, subdivision 1, is amended to read:

233.16 Subdivision 1. **Determination of validity.** (a) Any person having personal property,  
 233.17 or any estate, right, title, or interest in or lien upon any parcel of land, who claims that  
 233.18 such property has been partially, unfairly, or unequally assessed in comparison with other  
 233.19 property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the  
 233.20 first class, the portion of the county excluding the first class city, or that the parcel has  
 233.21 been assessed at a valuation greater than its real or actual value, or that the tax levied  
 233.22 against the same is illegal, in whole or in part, or has been paid, or that the property is  
 233.23 exempt from the tax so levied, may have the validity of the claim, defense, or objection  
 233.24 determined by the district court of the county in which the tax is levied or by the Tax  
 233.25 Court by serving one copy of a petition for such determination upon the county auditor,  
 233.26 one copy on the county attorney, one copy on the county treasurer, and three copies on the  
 233.27 county assessor. The county assessor shall immediately forward one copy of the petition  
 233.28 to the appropriate governmental authority in a home rule charter or statutory city or town  
 233.29 in which the property is located if that city or town employs its own certified assessor.  
 233.30 A copy of the petition shall also be forwarded by the assessor to the school board of the  
 233.31 school district in which the property is located.

233.32 (b) In counties where the office of county treasurer has been combined with the  
 233.33 office of county auditor, the county may elect to require the petitioner to serve the number

234.1 of copies as determined by the county. The county assessor shall immediately forward one  
234.2 copy of the petition to the appropriate governmental authority in a home rule charter or  
234.3 statutory city or town in which the property is located if that city or town employs its own  
234.4 certified assessor. A list of petitioned properties, including the name of the petitioner, the  
234.5 identification number of the property, and the estimated market value, shall be sent on  
234.6 or before the first day of July by the county auditor/treasurer to the school board of the  
234.7 school district in which the property is located.

234.8 (c) For all counties, the petitioner must file the copies with proof of service, in the  
234.9 office of the court administrator of the district court on or before April 30 of the year in  
234.10 which the tax becomes payable. A petition for determination under this section may be  
234.11 transferred by the district court to the Tax Court. An appeal may also be taken to the Tax  
234.12 Court under chapter 271 at any time following receipt of the valuation notice that county  
234.13 assessors or city assessors having the powers of a county assessor are required by section  
234.14 273.121 to send to persons whose property is to be included on the assessment roll that  
234.15 year, but prior to May 1 of the year in which the taxes are payable.

234.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

234.17 Sec. 33. Minnesota Statutes 2014, section 282.01, subdivision 1a, is amended to read:

234.18 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state  
234.19 agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land  
234.20 must be withheld from sale or lease to others for a maximum of six months. The request  
234.21 must be submitted to the county auditor. Upon receipt, the county auditor must withhold  
234.22 the parcel from sale or lease to any other party for six months, and must confirm the  
234.23 starting date of the six-month withholding period to the requesting agency or subdivision.  
234.24 If the request is from a governmental subdivision of the state, the governmental  
234.25 subdivision must pay the maintenance costs incurred by the county during the period the  
234.26 parcel is withheld. The county board may approve a sale or conveyance to the requesting  
234.27 party during the withholding period. A conveyance of the property to the requesting  
234.28 party terminates the withholding period.

234.29 A governmental subdivision of the state must not make, and a county auditor must  
234.30 not act upon, a second request to withhold a parcel from sale or lease within 18 months  
234.31 of a previous request for that parcel. A county may reject a request made under this  
234.32 paragraph if the request is made more than 30 days after the county has given notice to the  
234.33 requesting state agency or governmental subdivision of the state that the county intends to  
234.34 sell or otherwise dispose of the property.

235.1 (b) Nonconservation tax-forfeited lands may be sold by the county board, for  
 235.2 their market value as determined by the county board, to an organized or incorporated  
 235.3 governmental subdivision of the state for any public purpose for which the subdivision is  
 235.4 authorized to acquire property. When the term "market value" is used in this section, it  
 235.5 means an estimate of the full and actual market value of the parcel as determined by the  
 235.6 county board, but in making this determination, the board and the persons employed by or  
 235.7 under contract with the board in order to perform, conduct, or assist in the determination,  
 235.8 are exempt from the licensure requirements of chapter 82B.

235.9 (c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of~~  
 235.10 ~~the taxing districts on application to~~ sold by the county board by, for their market value as  
 235.11 determined by the county board, to a state agency for an authorized use at not less than  
 235.12 their market value as determined by the county board any public purpose for which the  
 235.13 agency is authorized to acquire property.

235.14 (d) Nonconservation tax-forfeited lands may be sold by the county board to an  
 235.15 organized or incorporated governmental subdivision of the state or state agency for less  
 235.16 than their market value if:

235.17 (1) the county board determines that a sale at a reduced price is in the public interest  
 235.18 because a reduced price is necessary to provide an incentive to correct the blighted  
 235.19 conditions that make the lands undesirable in the open market, or the reduced price will  
 235.20 lead to the development of affordable housing; and

235.21 (2) the governmental subdivision or state agency has documented its specific plans  
 235.22 for correcting the blighted conditions or developing affordable housing, and the specific  
 235.23 law or laws that empower it to acquire real property in furtherance of the plans.

235.24 If the sale under this paragraph is to a governmental subdivision of the state, the  
 235.25 commissioner of revenue must convey the property on behalf of the state by quitclaim  
 235.26 deed. If the sale under this paragraph is to a state agency, the property is released from  
 235.27 the trust in favor of the taxing districts and the commissioner of revenue must issue a  
 235.28 conveyance document that releases the property from the trust in favor of the taxing  
 235.29 districts convey the property on behalf of the state by quitclaim deed to the agency.

235.30 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts  
 235.31 may be conveyed by the commissioner of revenue in the name of the state to a  
 235.32 governmental subdivision for an authorized public use, if an application is submitted to the  
 235.33 commissioner which includes a statement of facts as to the use to be made of the tract and  
 235.34 the favorable recommendation of the county board. For the purposes of this paragraph,  
 235.35 "authorized public use" means a use that allows an indefinite segment of the public to

236.1 physically use and enjoy the property in numbers appropriate to its size and use, or is for a  
236.2 public service facility. Authorized public uses as defined in this paragraph are limited to:

236.3 (1) a road, or right-of-way for a road;

236.4 (2) a park that is both available to, and accessible by, the public that contains  
236.5 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

236.6 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along  
236.7 with a reasonable amount of surrounding land maintained in its natural state;

236.8 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail,  
236.9 including transit ways, park-and-ride lots, transit stations, maintenance and garage  
236.10 facilities, and other facilities related to a public transit system;

236.11 (5) public beaches or boat launches;

236.12 (6) public parking;

236.13 (7) civic recreation or conference facilities; and

236.14 (8) public service facilities such as fire halls, police stations, lift stations, water  
236.15 towers, sanitation facilities, water treatment facilities, and administrative offices.

236.16 No monetary compensation or consideration is required for the conveyance, except as  
236.17 provided in subdivision 1g, but the conveyance is subject to the conditions provided in  
236.18 law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

236.19 (f) The commissioner of revenue shall convey a parcel of nonconservation  
236.20 tax-forfeited land to a local governmental subdivision of the state by quitclaim deed  
236.21 on behalf of the state upon the favorable recommendation of the county board if the  
236.22 governmental subdivision has certified to the board that prior to forfeiture the subdivision  
236.23 was entitled to the parcel under a written development agreement or instrument, but  
236.24 the conveyance failed to occur prior to forfeiture. No compensation or consideration is  
236.25 required for, and no conditions attach to, the conveyance.

236.26 (g) The commissioner of revenue shall convey a parcel of nonconservation  
236.27 tax-forfeited land to the association of a common interest community by quitclaim deed  
236.28 upon the favorable recommendation of the county board if the association certifies to the  
236.29 board that prior to forfeiture the association was entitled to the parcel under a written  
236.30 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or  
236.31 consideration is required for, and no conditions attach to, the conveyance.

236.32 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of  
236.33 the state for less than its market value for either: (1) creation or preservation of wetlands;  
236.34 (2) drainage or storage of storm water under a storm water management plan; or (3)  
236.35 preservation, or restoration and preservation, of the land in its natural state. The deed must  
236.36 contain a restrictive covenant limiting the use of the land to one of these purposes for

237.1 30 years or until the property is reconveyed back to the state in trust. At any time, the  
237.2 governmental subdivision may reconvey the property to the state in trust for the taxing  
237.3 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.  
237.4 No part of a purchase price determined under this paragraph shall be refunded upon a  
237.5 reconveyance, but the amount paid for a conveyance under this paragraph may be taken  
237.6 into account by the county board when setting the terms of a future sale of the same  
237.7 property to the same governmental subdivision under paragraph (b) or (d). If the lands  
237.8 are unplatted and located outside of an incorporated municipality and the commissioner  
237.9 of natural resources determines there is a mineral use potential, the sale is subject to the  
237.10 approval of the commissioner of natural resources.

237.11 (i) A park and recreation board in a city of the first class is a governmental  
237.12 subdivision for the purposes of this section.

237.13 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed  
237.14 by the commissioner of revenue in the name of the state to a governmental subdivision for  
237.15 a school forest under section 89.41. An application that includes a statement of facts as  
237.16 to the use to be made of the tract and the favorable recommendation of the county board  
237.17 and the commissioner of natural resources must be submitted to the commissioner of  
237.18 revenue. No monetary compensation or consideration is required for the conveyance, but  
237.19 the conveyance is subject to the conditional use and reversion provisions of subdivisions  
237.20 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the  
237.21 property back to the state in trust for the taxing districts. The deed of reconveyance is  
237.22 subject to approval by the commissioner of revenue.

237.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

237.24 Sec. 34. Minnesota Statutes 2014, section 282.01, subdivision 1d, is amended to read:

237.25 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years  
237.26 from the date of any conveyance of tax-forfeited land to a governmental subdivision for  
237.27 an authorized public use as provided in this section, regardless of when the deed for the  
237.28 authorized public use was executed, if the governmental subdivision has failed to put the  
237.29 land to that use, or abandons that use, the governing body of the subdivision must: (1)  
237.30 with the approval of the county board, purchase the property for an authorized public  
237.31 purpose at the present market value as determined by the county board, or (2) authorize  
237.32 the proper officers to convey the land, or the part of the land not required for an authorized  
237.33 public use, to the state of Minnesota in trust for the taxing districts. If the governing body  
237.34 purchases the property under clause (1), the commissioner of revenue shall, upon proper  
237.35 application submitted by the county auditor and upon the reconveyance of the land subject

238.1 to the conditional use deed to the state, convey the property on behalf of the state by  
238.2 quitclaim deed to the subdivision free of a use restriction and the possibility of reversion  
238.3 or defeasement. If the governing body decides to reconvey the property to the state under  
238.4 this clause, the officers shall execute a deed of conveyance immediately. The conveyance  
238.5 is subject to the approval of the commissioner and its form must be approved by the  
238.6 attorney general. For 15 years from the date of the conveyance, there is no failure to put  
238.7 the land to the authorized public use and no abandonment of that use if a formal plan of  
238.8 the governmental subdivision, including, but not limited to, a comprehensive plan or land  
238.9 use plan, shows an intended future use of the land for the authorized public use.

238.10 (b) Property held by a governmental subdivision of the state under a conditional use  
238.11 deed executed under this section by the commissioner of revenue on or after January 1,  
238.12 2007, may be acquired by that governmental subdivision after 15 years from the date  
238.13 of the conveyance if the commissioner determines upon written application from the  
238.14 subdivision that the subdivision has in fact put the property to the authorized public use for  
238.15 which it was conveyed, and the subdivision has made a finding that it has no current plans  
238.16 to change the use of the lands. Prior to conveying the property, the commissioner shall  
238.17 inquire whether the county board where the land is located objects to a conveyance of the  
238.18 property to the subdivision without conditions and without further act by or obligation  
238.19 of the subdivision. If the county does not object within 60 days, and the commissioner  
238.20 makes a favorable determination, the commissioner shall issue a quitclaim deed on behalf  
238.21 of the state unconditionally conveying the property to the governmental subdivision. For  
238.22 purposes of this paragraph, demonstration of an intended future use for the authorized  
238.23 public use in a formal plan of the governmental subdivision does not constitute use for  
238.24 that authorized public use.

238.25 (c) Property held by a governmental subdivision of the state under a conditional use  
238.26 deed executed under this section by the commissioner of revenue before January 1, 2007,  
238.27 is released from the use restriction and possibility of reversion on January 1, 2022, if the  
238.28 county board records a resolution describing the land and citing this paragraph. The  
238.29 county board may authorize the county treasurer to deduct the amount of the recording  
238.30 fees from future settlements of property taxes to the subdivision.

238.31 (d) Except for tax-forfeited land conveyed to establish a school forest under section  
238.32 89.41, property conveyed under a conditional use deed executed under this section by  
238.33 the commissioner of revenue, regardless of when the deed for the authorized public use  
238.34 was executed, is released from the use restriction and reverter, and any use restriction or  
238.35 reverter for which no declaration of reversion has been recorded with the county recorder  
238.36 or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30

239.1 years from the date the deed was acknowledged; or (3) final resolution of an appeal to  
239.2 district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the  
239.3 office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

239.4 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a  
239.5 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.  
239.6 The property reverts to the state in trust for the taxing districts by operation of law if the  
239.7 commissioner of natural resources determines and reports to the commissioner of revenue  
239.8 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the  
239.9 land for school forest purposes for three consecutive years. The commissioner of revenue  
239.10 shall record a declaration of reversion for land that has reverted under this paragraph.

239.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

239.12 Sec. 35. Minnesota Statutes 2014, section 477A.013, is amended by adding a  
239.13 subdivision to read:

239.14 **Subd. 14. Communication by electronic mail.** Prior to receiving aid pursuant to  
239.15 this section, a city must register an official electronic mail address with the commissioner,  
239.16 which the commissioner may use as an exclusive means to communicate with the city.

239.17 **EFFECTIVE DATE.** This section is effective for aids payable in 2016 and thereafter.

239.18 Sec. 36. Minnesota Statutes 2014, section 477A.19, is amended by adding a  
239.19 subdivision to read:

239.20 **Subd. 3a. Certification.** On or before June 1 of each year, the commissioner of  
239.21 natural resources shall certify to the commissioner of revenue the number of watercraft  
239.22 launches and the number of watercraft trailer parking spaces in each county.

239.23 **EFFECTIVE DATE.** This section is effective for transition aid payable in 2016  
239.24 and thereafter.

239.25 Sec. 37. Minnesota Statutes 2014, section 477A.19, is amended by adding a  
239.26 subdivision to read:

239.27 **Subd. 3b. Certification.** On or before June 1 of each year, the commissioner of  
239.28 natural resources shall certify to the commissioner of revenue the counties that complied  
239.29 with the requirements of subdivision 3 the prior year and are eligible to receive aid  
239.30 under this section.

240.1 **EFFECTIVE DATE.** This section is effective for transition aid payable in 2016  
240.2 and thereafter.

240.3 Sec. 38. Minnesota Statutes 2014, section 559.202, subdivision 2, is amended to read:

240.4 Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or  
240.5 if the purchaser is represented throughout the transaction by either:

240.6 (1) a person licensed to practice law in this state; or

240.7 (2) a person licensed as a real estate broker or salesperson under chapter 82,  
240.8 provided that the representation does not create a dual agency, as that term is defined  
240.9 in section 82.55, subdivision 6.

240.10 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land  
240.11 occurring after the day following final enactment.

240.12 Sec. 39. Laws 2014, chapter 308, article 1, section 14, subdivision 2, is amended to read:

240.13 Subd. 2. **Payment of supplemental credit.** (a) The commissioner must pay  
240.14 supplemental credit amounts to each qualifying taxpayer by October 15, 2014.

240.15 (b) If the commissioner cannot locate the qualifying taxpayer by October 15, 2016,  
240.16 or if a qualifying taxpayer to whom a warrant was issued does not cash that warrant within  
240.17 two years from the date the warrant was issued, the right to the credit shall lapse and the  
240.18 warrant shall be deposited in the general fund.

240.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

240.20 Sec. 40. **REPEALER.**

240.21 Minnesota Statutes 2014, sections 273.111, subdivision 9a; and 281.22, are repealed.

240.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

## 240.23 **ARTICLE 16**

### 240.24 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS - MISCELLANEOUS**

240.25 Section 1. Minnesota Statutes 2014, section 270.82, subdivision 1, is amended to read:

240.26 Subdivision 1. **Annual report required.** Every railroad company doing business  
240.27 in Minnesota shall annually file with the commissioner on or before March 31 a report  
240.28 under oath setting forth the information prescribed by the commissioner to enable the  
240.29 commissioner to make the valuation and equalization required by sections 270.80 to  
240.30 270.87. The commissioner shall prescribe the content, format, and manner of the report

241.1 pursuant to section 270C.30, except that a "law administered by the commissioner"  
 241.2 includes the property tax laws. If a report is made by electronic means, the taxpayer's  
 241.3 signature is defined pursuant to section 270C.304, except that a "law administered by the  
 241.4 commissioner" includes the property tax laws.

241.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

241.6 Sec. 2. Minnesota Statutes 2014, section 270A.03, subdivision 5, is amended to read:

241.7 Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed  
 241.8 and certain amount of money, which equals or exceeds \$25 and which is due and payable  
 241.9 to a claimant agency. The term includes criminal fines imposed under section 609.10 or  
 241.10 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision  
 241.11 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court  
 241.12 order, or other legal obligation, but need not have been reduced to judgment.

241.13 A debt includes any legal obligation of a current recipient of assistance which is  
 241.14 based on overpayment of an assistance grant where that payment is based on a client  
 241.15 waiver or an administrative or judicial finding of an intentional program violation;  
 241.16 or where the debt is owed to a program wherein the debtor is not a client at the time  
 241.17 notification is provided to initiate recovery under this chapter and the debtor is not a  
 241.18 current recipient of food support, transitional child care, or transitional medical assistance.

241.19 (b) A debt does not include any legal obligation to pay a claimant agency for medical  
 241.20 care, including hospitalization if the income of the debtor at the time when the medical  
 241.21 care was rendered does not exceed the following amount:

- 241.22 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,360 or less;
- 241.23 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$15,830 or less;
- 241.24 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$18,730 or less;
- 241.25 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,240 or less;
- 241.26 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,410 or less; and
- 241.27 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,360 or less.

241.28 For purposes of this paragraph, "debtor" means the individual whose income,  
 241.29 together with the income of the individual's spouse if domiciled in the same household,  
 241.30 brings the individual within the income provisions of this paragraph. For purposes of this  
 241.31 paragraph, a spouse domiciled in the same household shall be considered a dependent.

241.32 (c) The commissioner shall adjust the income amounts in paragraph (b) by the  
 241.33 percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue  
 241.34 Code, except that in section 1(f)(3)(B) the word "~~1999~~ 2013" shall be substituted for  
 241.35 the word "1992." For ~~2001~~ 2015, the commissioner shall then determine the percent

242.1 change from the 12 months ending on August 31, ~~1999~~ 2013, to the 12 months ending on  
242.2 August 31, ~~2000~~ 2014, and in each subsequent year, from the 12 months ending on August  
242.3 31, ~~1999~~ 2013, to the 12 months ending on August 31 of the year preceding the taxable  
242.4 year. The determination of the commissioner pursuant to this subdivision shall not be  
242.5 considered a "rule" and shall not be subject to the Administrative Procedure Act contained  
242.6 in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount.  
242.7 If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

242.8 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of  
242.9 the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

242.10 **EFFECTIVE DATE.** The section is effective retroactively for debts incurred after  
242.11 December 31, 2013.

242.12 Sec. 3. Minnesota Statutes 2014, section 270B.14, subdivision 1, is amended to read:

242.13 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request  
242.14 of the commissioner of human services, the commissioner shall disclose return information  
242.15 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to  
242.16 the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

242.17 (b) Data that may be disclosed are limited to data relating to the identity,  
242.18 whereabouts, employment, income, and property of a person owing or alleged to be owing  
242.19 an obligation of child support.

242.20 (c) The commissioner of human services may request data only for the purposes of  
242.21 carrying out the child support enforcement program and to assist in the location of parents  
242.22 who have, or appear to have, deserted their children. Data received may be used only  
242.23 as set forth in section 256.978.

242.24 (d) The commissioner shall provide the records and information necessary to  
242.25 administer the supplemental housing allowance to the commissioner of human services.

242.26 (e) At the request of the commissioner of human services, the commissioner of  
242.27 revenue shall electronically match the Social Security numbers and names of participants  
242.28 in the telephone assistance plan operated under sections 237.69 to 237.71, with those of  
242.29 property tax refund filers, and determine whether each participant's household income is  
242.30 within the eligibility standards for the telephone assistance plan.

242.31 (f) The commissioner may provide records and information collected under sections  
242.32 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid  
242.33 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law  
242.34 102-234. Upon the written agreement by the United States Department of Health and  
242.35 Human Services to maintain the confidentiality of the data, the commissioner may provide

243.1 records and information collected under sections 295.50 to 295.59 to the Centers for  
 243.2 Medicare and Medicaid Services section of the United States Department of Health and  
 243.3 Human Services for purposes of meeting federal reporting requirements.

243.4 (g) The commissioner may provide records and information to the commissioner of  
 243.5 human services as necessary to administer the early refund of refundable tax credits.

243.6 (h) The commissioner may disclose information to the commissioner of human  
 243.7 services as necessary to verify income for welfare income verification for eligibility and  
 243.8 premium payment under the MinnesotaCare program, under section 256L.05, subdivision  
 243.9 2, as well as the medical assistance program under section 256B.

243.10 (i) The commissioner may disclose information to the commissioner of human  
 243.11 services necessary to verify whether applicants or recipients for the Minnesota family  
 243.12 investment program, general assistance, food support, Minnesota supplemental aid  
 243.13 program, and child care assistance have claimed refundable tax credits under chapter 290  
 243.14 and the property tax refund under chapter 290A, and the amounts of the credits.

243.15 (j) The commissioner may disclose information to the commissioner of human  
 243.16 services necessary to verify income for purposes of calculating parental contribution  
 243.17 amounts under section 252.27, subdivision 2a.

243.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

243.19 Sec. 4. Minnesota Statutes 2014, section 270C.30, is amended to read:

243.20 **270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

243.21 Except as otherwise provided by law, the commissioner shall prescribe the content  
 243.22 and, format, and manner of all returns and other forms required to be filed under a law  
 243.23 administered by the commissioner, and may furnish them subject to charge on application.

243.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

243.25 Sec. 5. Minnesota Statutes 2014, section 270C.33, subdivision 5, is amended to read:

243.26 Subd. 5. **Prohibition against collection during appeal period of an order.** No  
 243.27 collection action can be taken on an order of assessment, or any other order imposing a  
 243.28 liability, including the filing of liens under section 270C.63, and no late payment penalties  
 243.29 may be imposed when a return has been filed for the tax type and period upon which the  
 243.30 order is based, during the appeal period of an order. The appeal period of an order ends:  
 243.31 (1) 60 days after the ~~order has been mailed to the taxpayer~~ notice date designated by the  
 243.32 commissioner on the order; (2) if an administrative appeal is filed under section 270C.35,  
 243.33 60 days after the notice date designated by the commissioner on the written determination

244.1 of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when  
244.2 the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the  
244.3 appeal is based upon a constitutional challenge to the tax, 60 days after final determination  
244.4 of the appeal. This subdivision does not apply to a jeopardy assessment under section  
244.5 270C.36, or a jeopardy collection under section 270C.36.

244.6 **EFFECTIVE DATE.** This section is effective for orders dated after September  
244.7 30, 2015.

244.8 Sec. 6. Minnesota Statutes 2014, section 270C.33, subdivision 8, is amended to read:

244.9 Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner,  
244.10 sent postage prepaid by United States mail to the taxpayer at the taxpayer's last known  
244.11 address, or sent by electronic mail to the taxpayer's last known electronic mailing address  
244.12 as provided for in section 325L.08, is sufficient even if the taxpayer is deceased or is  
244.13 under a legal disability, or, in the case of a corporation, has terminated its existence, unless  
244.14 the commissioner has been provided with a new address by a party authorized to receive  
244.15 notices of assessment. Notice of an assessment is sufficient if it is sent on or before the  
244.16 notice date designated by the commissioner on the assessment.

244.17 **EFFECTIVE DATE.** This section is effective for assessments dated after  
244.18 September 30, 2015.

244.19 Sec. 7. Minnesota Statutes 2014, section 270C.34, subdivision 2, is amended to read:

244.20 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or  
244.21 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax  
244.22 charge, must be filed with the commissioner within 60 days of the notice date of the notice  
244.23 was mailed to the taxpayer's last known address, stating that a penalty has been imposed  
244.24 or additional tax charge. For purposes of this section, the term "notice date" means the  
244.25 notice date designated by the commissioner on the order or other notice that a penalty or  
244.26 additional tax charge has been imposed.

244.27 (b) If the commissioner issues an order denying a request for abatement of penalty,  
244.28 interest, or additional tax charge, the taxpayer may file an administrative appeal as  
244.29 provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

244.30 (c) If the commissioner does not issue an order on the abatement request within  
244.31 60 days from the date the request is received, the taxpayer may appeal to Tax Court as  
244.32 provided in section 271.06.

245.1 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
245.2 September 30, 2015.

245.3 Sec. 8. Minnesota Statutes 2014, section 270C.347, subdivision 1, is amended to read:

245.4 Subdivision 1. **Checks and warrants, authority to reissue.** Notwithstanding any  
245.5 other provision of law, the commissioner may, based on a showing of reasonable cause,  
245.6 reissue an uncashed rebate, supplemental agricultural credit, or property tax refund warrant  
245.7 or check that has lapsed under any provision of law relating to rebates or under section  
245.8 290A.18, subdivision 2. The authority to reissue warrants or checks under this subdivision  
245.9 is limited to five years after the date of issuance of the original warrant or check.

245.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

245.11 Sec. 9. Minnesota Statutes 2014, section 270C.35, subdivision 3, is amended to read:

245.12 Subd. 3. **Notice date.** For purposes of this section, the term "notice date" means the  
245.13 date of designated by the commissioner on the order adjusting the tax or order denying a  
245.14 request for abatement, or, in the case of a denied refund, the notice date of designated by  
245.15 the commissioner on the notice of denial.

245.16 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
245.17 September 30, 2015.

245.18 Sec. 10. Minnesota Statutes 2014, section 270C.35, is amended by adding a  
245.19 subdivision to read:

245.20 Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative  
245.21 appeal for an order of the commissioner and also files an appeal to the Tax Court for  
245.22 that same order of the commissioner, the administrative appeal is dismissed and the  
245.23 commissioner is no longer required to make a determination of appeal under subdivision 6.

245.24 **EFFECTIVE DATE.** This section is effective for all administrative appeals filed  
245.25 after June 30, 2015.

245.26 Sec. 11. Minnesota Statutes 2014, section 270C.38, subdivision 1, is amended to read:

245.27 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written  
245.28 determination or action of the commissioner is otherwise specifically provided for by  
245.29 law, notice of the determination or action sent postage prepaid by United States mail to  
245.30 the taxpayer or other person affected by the determination or action at the taxpayer's  
245.31 or person's last known address, is sufficient. If the taxpayer or person being notified is

246.1 deceased or is under a legal disability, or, in the case of a corporation being notified that  
246.2 has terminated its existence, notice to the last known address of the taxpayer, person, or  
246.3 corporation is sufficient, unless the department has been provided with a new address by a  
246.4 party authorized to receive notices from the commissioner.

246.5 (b) If a taxpayer or other person agrees to accept notification by electronic means,  
246.6 notice of a determination or action of the commissioner sent by electronic mail to the  
246.7 taxpayer's or person's last known electronic mailing address as provided for in section  
246.8 325L.08 is sufficient.

246.9 (c) Notice of a determination or action of the commissioner is sufficient if it is sent  
246.10 on or before the notice date designated by the commissioner on the notice.

246.11 **EFFECTIVE DATE.** This section is effective for notices dated after September  
246.12 30, 2015.

246.13 Sec. 12. Minnesota Statutes 2014, section 270C.445, is amended by adding a  
246.14 subdivision to read:

246.15 **Subd. 9. Enforcement; limitations.** (a) Notwithstanding any other law, the  
246.16 imposition of a penalty or any other action against a tax return preparer authorized by  
246.17 subdivision 6 with respect to a return may be taken by the commissioner within the period  
246.18 provided by section 289A.38 to assess tax on that return.

246.19 (b) Imposition of a penalty or other action against a tax return preparer authorized  
246.20 by subdivision 6 other than with respect to a return must be taken by the commissioner  
246.21 within five years of the violation of statute.

246.22 **EFFECTIVE DATE.** This section is effective for tax preparation services provided  
246.23 after the day following final enactment.

246.24 Sec. 13. Minnesota Statutes 2014, section 270C.446, subdivision 5, is amended to read:

246.25 **Subd. 5. Removal from list.** The commissioner shall remove the name of a tax  
246.26 preparer from the list of tax preparers published under this section:

246.27 (1) when the commissioner determines that the name was included on the list in error;

246.28 (2) ~~within 90 days~~ three years after the preparer has demonstrated to the commissioner  
246.29 that the preparer fully paid all fines or penalties imposed, served any suspension, satisfied  
246.30 any sentence imposed, successfully completed any probationary period imposed, and  
246.31 successfully completed any remedial actions required by the commissioner, the State  
246.32 Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

246.33 (3) when the commissioner has been notified that the tax preparer is deceased.

247.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

247.2 Sec. 14. Minnesota Statutes 2014, section 270C.72, subdivision 4, is amended to read:

247.3 Subd. 4. **Licensing authority; duties.** All licensing authorities must require  
 247.4 the applicant to provide the applicant's Social Security number or individual taxpayer  
 247.5 identification number and Minnesota business identification number, as applicable, on  
 247.6 all license applications. Upon request of the commissioner, the licensing authority  
 247.7 must provide the commissioner with a list of all applicants, including the name,  
 247.8 address, business name and address, and Social Security number, or individual taxpayer  
 247.9 identification number and business identification number, as applicable, of each applicant.  
 247.10 The commissioner may request from a licensing authority a list of the applicants no more  
 247.11 than once each calendar year.

247.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

247.13 Sec. 15. Minnesota Statutes 2014, section 271.06, subdivision 2, is amended to read:

247.14 Subd. 2. **Time; notice; intervention.** Except as otherwise provided by law, within  
 247.15 60 days after the notice of the making and filing date of an order of the commissioner of  
 247.16 revenue, the appellant, or the appellant's attorney, shall serve a notice of appeal upon  
 247.17 the commissioner and file the original, with proof of such service, with the Tax Court  
 247.18 administrator or with the court administrator of district court acting as court administrator  
 247.19 of the Tax Court; provided, that the Tax Court, for cause shown, may by written order  
 247.20 extend the time for appealing for an additional period not exceeding 30 days. For purposes  
 247.21 of this section, the term "notice date" means the notice date designated by the commissioner  
 247.22 on the order. The notice of appeal shall be in the form prescribed by the Tax Court. Within  
 247.23 five days after receipt, the commissioner shall transmit a copy of the notice of appeal to  
 247.24 the attorney general. The attorney general shall represent the commissioner, if requested,  
 247.25 upon all such appeals except in cases where the attorney general has appealed in behalf of  
 247.26 the state, or in other cases where the attorney general deems it against the interests of the  
 247.27 state to represent the commissioner, in which event the attorney general may intervene or  
 247.28 be substituted as an appellant in behalf of the state at any stage of the proceedings.

247.29 Upon a final determination of any other matter over which the court is granted  
 247.30 jurisdiction under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney  
 247.31 shall file a petition or notice of appeal as provided by law with the court administrator of  
 247.32 district court, acting in the capacity of court administrator of the Tax Court, with proof of  
 247.33 service of the petition or notice of appeal as required by law and within the time required  
 247.34 by law. As used in this subdivision, "final determination" includes a notice of assessment

248.1 and equalization for the year in question received from the local assessor, an order of the  
248.2 local board of equalization, or an order of a county board of equalization.

248.3 The Tax Court shall prescribe a filing system so that the notice of appeal or petition  
248.4 filed with the district court administrator acting as court administrator of the Tax Court is  
248.5 forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning  
248.6 property valuation for which the assessor, a local board of equalization, a county board of  
248.7 equalization or the commissioner of revenue has issued an order, the officer issuing the  
248.8 order shall be notified of the filing of the appeal. The notice of appeal or petition shall be  
248.9 in the form prescribed by the Tax Court.

248.10 **EFFECTIVE DATE.** This section is effective for orders dated after September  
248.11 30, 2015.

248.12 Sec. 16. Minnesota Statutes 2014, section 271.06, subdivision 7, is amended to read:

248.13 Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules  
248.14 of Evidence and Civil Procedure for the district court of Minnesota shall govern the  
248.15 procedures in the Tax Court, where practicable. The Rules of Civil Procedure do not apply  
248.16 to alter the 60-day period of time to file a notice of appeal provided in subdivision 2. The  
248.17 Tax Court may adopt rules under chapter 14. The rules in effect on January 1, 1989,  
248.18 apply until superseded.

248.19 **EFFECTIVE DATE.** This section is effective for orders dated after September  
248.20 30, 2015.

248.21 Sec. 17. Minnesota Statutes 2014, section 272.02, subdivision 10, is amended to read:

248.22 Subd. 10. **Personal property used for pollution control.** Personal property used  
248.23 primarily for the abatement and control of air, water, or land pollution is exempt to the  
248.24 extent that it is so used, and real property is exempt if it is used primarily for abatement  
248.25 and control of air, water, or land pollution as part of an agricultural operation, as a part  
248.26 of a centralized treatment and recovery facility operating under a permit issued by the  
248.27 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota  
248.28 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater  
248.29 treatment facility and for the treatment, recovery, and stabilization of metals, oils,  
248.30 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as  
248.31 part of an electric generation system. For purposes of this subdivision, personal property  
248.32 includes ponderous machinery and equipment used in a business or production activity  
248.33 that at common law is considered real property.

249.1 Any taxpayer requesting exemption of all or a portion of any real property or any  
 249.2 equipment or device, or part thereof, operated primarily for the control or abatement of air,  
 249.3 water, or land pollution shall file an application with the commissioner of revenue. The  
 249.4 commissioner shall develop an electronic means to notify interested parties when electric  
 249.5 power generation facilities have filed an application. The commissioner shall prescribe  
 249.6 the content, format, and manner of the application pursuant to section 270C.30, except  
 249.7 that a "law administered by the commissioner" includes the property tax laws, and if an  
 249.8 application is made by electronic means, the taxpayer's signature is defined pursuant to  
 249.9 section 270C.304, except that a "law administered by the commissioner" includes the  
 249.10 property tax laws. The Minnesota Pollution Control Agency shall upon request of the  
 249.11 commissioner furnish information and advice to the commissioner.

249.12 The information and advice furnished by the Minnesota Pollution Control  
 249.13 Agency must include statements as to whether the equipment, device, or real property  
 249.14 meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution  
 249.15 Control Agency, and whether the equipment, device, or real property is installed or  
 249.16 operated in accordance with it. On determining that property qualifies for exemption,  
 249.17 the commissioner shall issue an order exempting the property from taxation. The  
 249.18 commissioner shall develop an electronic means to notify interested parties when  
 249.19 the commissioner has issued an order exempting property from taxation under this  
 249.20 subdivision. The equipment, device, or real property shall continue to be exempt from  
 249.21 taxation as long as the order issued by the commissioner remains in effect.

249.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

249.23 Sec. 18. Minnesota Statutes 2014, section 272.0211, subdivision 1, is amended to read:

249.24 Subdivision 1. **Efficiency determination and certification.** An owner or operator  
 249.25 of a new or existing electric power generation facility, excluding wind energy conversion  
 249.26 systems, may apply to the commissioner of revenue for a market value exclusion on the  
 249.27 property as provided for in this section. This exclusion shall apply only to the market  
 249.28 value of the equipment of the facility, and shall not apply to the structures and the land  
 249.29 upon which the facility is located. The commissioner of revenue shall prescribe the ~~forms~~  
 249.30 content, format, manner, and procedures for this application pursuant to section 270C.30,  
 249.31 except that a "law administered by the commissioner" includes the property tax laws. If  
 249.32 an application is made by electronic means, the taxpayer's signature is defined pursuant  
 249.33 to section 270C.304, except that a "law administered by the commissioner" includes the  
 249.34 property tax laws. Upon receiving the application, the commissioner of revenue shall: (1)  
 249.35 request the commissioner of commerce to make a determination of the efficiency of the

250.1 applicant's electric power generation facility; and (2) shall develop an electronic means to  
 250.2 notify interested parties when electric power generation facilities have filed an application.  
 250.3 The commissioner of commerce shall calculate efficiency as the ratio of useful energy  
 250.4 outputs to energy inputs, expressed as a percentage, based on the performance of the  
 250.5 facility's equipment during normal full load operation. The commissioner must include in  
 250.6 this formula the energy used in any on-site preparation of materials necessary to convert  
 250.7 the materials into the fuel used to generate electricity, such as a process to gasify petroleum  
 250.8 coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in  
 250.9 the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible  
 250.10 project under section 216B.2424; for these instances, the commissioner shall adjust the  
 250.11 heating value to allow for energy consumed for evaporation of the moisture in the wood.  
 250.12 The applicant shall provide the commissioner of commerce with whatever information the  
 250.13 commissioner deems necessary to make the determination. Within 30 days of the receipt  
 250.14 of the necessary information, the commissioner of commerce shall certify the findings of  
 250.15 the efficiency determination to the commissioner of revenue and to the applicant. The  
 250.16 commissioner of commerce shall determine the efficiency of the facility and certify the  
 250.17 findings of that determination to the commissioner of revenue every two years thereafter  
 250.18 from the date of the original certification.

250.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

250.20 Sec. 19. Minnesota Statutes 2014, section 272.025, subdivision 1, is amended to read:

250.21 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned  
 250.22 by the state of Minnesota or any political subdivision thereof, and property exempt from  
 250.23 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at  
 250.24 the times provided in subdivision 3, a taxpayer claiming an exemption from taxation  
 250.25 on property described in section 272.02, subdivisions 2 to 33, must file a statement of  
 250.26 exemption with the assessor of the assessment district in which the property is located.

250.27 (b) A taxpayer claiming an exemption from taxation on property described in section  
 250.28 272.02, subdivision 10, must file a statement of exemption with the commissioner of  
 250.29 revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

250.30 (c) In case of sickness, absence or other disability or for good cause, the assessor  
 250.31 or the commissioner may extend the time for filing the statement of exemption for a  
 250.32 period not to exceed 60 days.

250.33 (d) The commissioner of revenue shall prescribe the ~~form and contents~~ content,  
 250.34 format, and manner of the statement of exemption pursuant to section 270C.30, except  
 250.35 that a "law administered by the commissioner" includes the property tax laws.

251.1 (e) If a statement is made by electronic means, the taxpayer's signature is defined  
 251.2 pursuant to section 270C.304, except that a "law administered by the commissioner"  
 251.3 includes the property tax laws.

251.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

251.5 Sec. 20. Minnesota Statutes 2014, section 272.029, subdivision 4, is amended to read:

251.6 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax  
 251.7 under subdivision 3 shall file a report with the commissioner of revenue annually on or  
 251.8 before February 1 detailing the amount of electricity in kilowatt-hours that was produced  
 251.9 by the wind energy conversion system for the previous calendar year. The commissioner  
 251.10 shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section  
 251.11 270C.30, except that a "law administered by the commissioner" includes the property tax  
 251.12 laws. The report must contain the information required by the commissioner to determine  
 251.13 the tax due to each county under this section for the current year. If an owner of a wind  
 251.14 energy conversion system subject to taxation under this section fails to file the report  
 251.15 by the due date, the commissioner of revenue shall determine the tax based upon the  
 251.16 nameplate capacity of the system multiplied by a capacity factor of 60 percent.

251.17 (b) If a report is made by electronic means, the taxpayer's signature is defined  
 251.18 pursuant to section 270C.304, except that a "law administered by the commissioner"  
 251.19 includes the property tax laws.

251.20 ~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner  
 251.21 of the wind energy conversion systems of the tax due to each county for the current year  
 251.22 and shall certify to the county auditor of each county in which the systems are located the  
 251.23 tax due from each owner for the current year.

251.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

251.25 Sec. 21. Minnesota Statutes 2014, section 272.0295, subdivision 4, is amended to read:

251.26 Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax  
 251.27 under this section shall file a report with the commissioner of revenue annually on or  
 251.28 before January 15 detailing the amount of electricity in megawatt-hours that was produced  
 251.29 by the system in the previous calendar year. The commissioner shall prescribe the ~~form~~  
 251.30 content, format, and manner of the report pursuant to section 270C.30. The report must  
 251.31 contain the information required by the commissioner to determine the tax due to each  
 251.32 county under this section for the current year. If an owner of a solar energy generating  
 251.33 system subject to taxation under this section fails to file the report by the due date, the

252.1 commissioner of revenue shall determine the tax based upon the nameplate capacity of  
 252.2 the system multiplied by a capacity factor of 30 percent.

252.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

252.4 Sec. 22. Minnesota Statutes 2014, section 272.115, subdivision 2, is amended to read:

252.5 Subd. 2. **Form; information required.** The certificate of value shall require  
 252.6 such facts and information as may be determined by the commissioner to be reasonably  
 252.7 necessary in the administration of the state education aid formulas. The ~~form~~  
 252.8 commissioner shall prescribe the content, format, and manner of the certificate of value  
 252.9 ~~shall be prescribed by the Department of Revenue which shall provide an adequate~~  
 252.10 supply of forms to each county auditor pursuant to section 270C.30, except that a "law  
 252.11 administered by the commissioner" includes the property tax laws.

252.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

252.13 Sec. 23. Minnesota Statutes 2014, section 273.124, subdivision 13, is amended to read:

252.14 Subd. 13. **Homestead application.** (a) A person who meets the homestead  
 252.15 requirements under subdivision 1 must file a homestead application with the county  
 252.16 assessor to initially obtain homestead classification.

252.17 (b) ~~The format and contents of a uniform homestead application shall be prescribed~~  
 252.18 ~~by the commissioner of revenue.~~ The commissioner shall prescribe the content, format,  
 252.19 and manner of the homestead application required to be filed under this chapter pursuant  
 252.20 to section 270C.30. The application must clearly inform the taxpayer that this application  
 252.21 must be signed by all owners who occupy the property or by the qualifying relative and  
 252.22 returned to the county assessor in order for the property to receive homestead treatment.

252.23 (c) Every property owner applying for homestead classification must furnish to the  
 252.24 county assessor the Social Security number of each occupant who is listed as an owner  
 252.25 of the property on the deed of record, the name and address of each owner who does not  
 252.26 occupy the property, and the name and Social Security number of each owner's spouse who  
 252.27 occupies the property. The application must be signed by each owner who occupies the  
 252.28 property and by each owner's spouse who occupies the property, or, in the case of property  
 252.29 that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

252.30 If a property owner occupies a homestead, the property owner's spouse may not  
 252.31 claim another property as a homestead unless the property owner and the property owner's  
 252.32 spouse file with the assessor an affidavit or other proof required by the assessor stating that  
 252.33 the property qualifies as a homestead under subdivision 1, paragraph (e).

253.1 Owners or spouses occupying residences owned by their spouses and previously  
253.2 occupied with the other spouse, either of whom fail to include the other spouse's name  
253.3 and Social Security number on the homestead application or provide the affidavits or  
253.4 other proof requested, will be deemed to have elected to receive only partial homestead  
253.5 treatment of their residence. The remainder of the residence will be classified as  
253.6 nonhomestead residential. When an owner or spouse's name and Social Security number  
253.7 appear on homestead applications for two separate residences and only one application is  
253.8 signed, the owner or spouse will be deemed to have elected to homestead the residence for  
253.9 which the application was signed.

253.10 (d) If residential real estate is occupied and used for purposes of a homestead by a  
253.11 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in  
253.12 order for the property to receive homestead status, a homestead application must be filed  
253.13 with the assessor. The Social Security number of each relative and spouse of a relative  
253.14 occupying the property shall be required on the homestead application filed under this  
253.15 subdivision. If a different relative of the owner subsequently occupies the property, the  
253.16 owner of the property must notify the assessor within 30 days of the change in occupancy.  
253.17 The Social Security number of a relative or relative's spouse occupying the property  
253.18 is private data on individuals as defined by section 13.02, subdivision 12, but may be  
253.19 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the  
253.20 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

253.21 (e) The homestead application shall also notify the property owners that if the  
253.22 property is granted homestead status for any assessment year, that same property shall  
253.23 remain classified as homestead until the property is sold or transferred to another person,  
253.24 or the owners, the spouse of the owner, or the relatives no longer use the property as their  
253.25 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
253.26 be timely filed with the county auditor as provided under section 272.115. Failure to  
253.27 notify the assessor within 30 days that the property has been sold, transferred, or that the  
253.28 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
253.29 homestead, shall result in the penalty provided under this subdivision and the property  
253.30 will lose its current homestead status.

253.31 (f) If a homestead application has not been filed with the county by December 15,  
253.32 the assessor shall classify the property as nonhomestead for the current assessment year  
253.33 for taxes payable in the following year, provided that the owner may be entitled to receive  
253.34 the homestead classification by proper application under section 375.192.

253.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

254.1 Sec. 24. Minnesota Statutes 2014, section 273.371, subdivision 1, is amended to read:

254.2 Subdivision 1. **Report required.** Every electric light, power, gas, water, express,  
254.3 stage, and transportation company and pipeline doing business in Minnesota shall  
254.4 annually file with the commissioner on or before March 31 a report under oath setting  
254.5 forth the information prescribed by the commissioner to enable the commissioner to  
254.6 make valuations, recommended valuations, and equalization required under sections  
254.7 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the  
254.8 content, format, and manner of the report pursuant to section 270C.30, except that  
254.9 a "law administered by the commissioner" includes the property tax laws. If all the  
254.10 required information is not available on March 31, the company or pipeline shall file the  
254.11 information that is available on or before March 31, and the balance of the information  
254.12 as soon as it becomes available. If a report is made by electronic means, the taxpayer's  
254.13 signature is defined pursuant to section 270C.304, except that a "law administered by the  
254.14 commissioner" includes the property tax laws.

254.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

254.16 Sec. 25. Minnesota Statutes 2014, section 287.2205, is amended to read:

254.17 **287.2205 TAX-FORFEITED LAND.**

254.18 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid  
254.19 by the purchaser of tax-forfeited land whether the purchase is the result of a public  
254.20 auction or private sale or a repurchase of tax-forfeited land. State agencies and local  
254.21 units of government that acquire tax-forfeited land by purchase or any other means are  
254.22 subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a  
254.23 governmental subdivision for an authorized public use under section 282.01, subdivision  
254.24 1a, for a school forest under section 282.01, subdivision 1a, or for redevelopment purposes  
254.25 under section 282.01, subdivision 1b.

254.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

254.27 Sec. 26. Minnesota Statutes 2014, section 289A.08, is amended by adding a  
254.28 subdivision to read:

254.29 Subd. 17. **Format.** The commissioner shall prescribe the content, format, and  
254.30 manner of the returns and other documents pursuant to section 270C.30. This does not  
254.31 authorize the commissioner to require individual income taxpayers to file individual  
254.32 income tax returns electronically.

255.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

255.2 Sec. 27. Minnesota Statutes 2014, section 289A.09, subdivision 1, is amended to read:

255.3 Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax  
255.4 under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold  
255.5 tax under section 290.923, subdivision 2, must file a return with the commissioner for each  
255.6 quarterly period unless otherwise prescribed by the commissioner.

255.7 (b) A person or corporation required to make deposits under section 290.9201,  
255.8 subdivision 8, must file an entertainer withholding tax return with the commissioner.

255.9 (c) A person required to withhold an amount under section 290.9705, subdivision 1,  
255.10 must file a return.

255.11 (d) A partnership required to deduct and withhold tax under section 290.92,  
255.12 subdivision 4b, must file a return.

255.13 (e) An S corporation required to deduct and withhold tax under section 290.92,  
255.14 subdivision 4c, must also file a return.

255.15 (f) ~~Returns must be filed in the form and manner, and contain the information~~  
255.16 ~~prescribed by the commissioner~~ The commissioner shall prescribe the content, format,  
255.17 and manner of the returns pursuant to section 270C.30. Every return for taxes withheld  
255.18 must be signed by the employer, entertainment entity, contract payor, partnership, or S  
255.19 corporation, or a designee.

255.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

255.21 Sec. 28. Minnesota Statutes 2014, section 289A.11, subdivision 1, is amended to read:

255.22 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18,  
255.23 subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for  
255.24 which a return is due, a return for the preceding reporting period must be filed with the  
255.25 commissioner ~~in the form and manner the commissioner prescribes.~~ The commissioner  
255.26 shall prescribe the content, format, and manner of the returns pursuant to section 270C.30.

255.27 A person making sales at retail at two or more places of business may file a consolidated  
255.28 return subject to rules prescribed by the commissioner. In computing the dollar amount of  
255.29 items on the return, the amounts are rounded off to the nearest whole dollar, disregarding  
255.30 amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next  
255.31 highest dollar.

255.32 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax  
255.33 permit under chapter 297A and who makes annual purchases, for use in a trade or business,  
255.34 of less than \$18,500, or a person who is not required to hold a sales tax permit and who

256.1 makes purchases for personal use, that are subject to the use tax imposed by section  
 256.2 297A.63, may file an annual use tax return ~~on a form prescribed by the commissioner.~~  
 256.3 The commissioner shall prescribe the content, format, and manner of the return pursuant  
 256.4 to section 270C.30. If a person who qualifies for an annual use tax reporting period is  
 256.5 required to obtain a sales tax permit or makes use tax purchases, for use in a trade or  
 256.6 business, in excess of \$18,500 during the calendar year, the reporting period must be  
 256.7 considered ended at the end of the month in which the permit is applied for or the purchase  
 256.8 in excess of \$18,500 is made and a return must be filed for the preceding reporting period.

256.9 (c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the  
 256.10 person's religious beliefs from using electronics shall be allowed to file by mail, without  
 256.11 any additional fees. The filer must notify the commissioner of revenue of the intent to file  
 256.12 by mail on a form prescribed by the commissioner. A return filed under this paragraph  
 256.13 must be postmarked no later than the day the return is due in order to be considered filed  
 256.14 on a timely basis.

256.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

256.16 Sec. 29. Minnesota Statutes 2014, section 289A.50, subdivision 7, is amended to read:

256.17 Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the  
 256.18 refund claim is denied in whole or in part, the taxpayer may:

256.19 (1) file an administrative appeal as provided in section 270C.35, or an appeal  
 256.20 with the Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's  
 256.21 notice of denial; or

256.22 (2) file an action in the district court to recover the refund.

256.23 (b) An action in the district court on a denied claim for refund must be brought  
 256.24 within 18 months of the notice date of the denial of the claim by the commissioner. For  
 256.25 the purposes of this section, "notice date" is defined in section 270C.35, subdivision 3.

256.26 (c) No action in the district court or the Tax Court shall be brought within six months  
 256.27 of the filing of the refund claim unless the commissioner denies the claim within that period.

256.28 (d) If a taxpayer files a claim for refund and the commissioner has not issued a denial  
 256.29 of the claim, the taxpayer may bring an action in the district court or the Tax Court at any  
 256.30 time after the expiration of six months from the time the claim was filed.

256.31 (e) The commissioner and the taxpayer may agree to extend the period for bringing  
 256.32 an action in the district court.

256.33 (f) An action for refund of tax by the taxpayer must be brought in the district court  
 256.34 of the district in which lies the county of the taxpayer's residence or principal place of

257.1 business. In the case of an estate or trust, the action must be brought at the principal place  
257.2 of its administration. Any action may be brought in the district court for Ramsey County.

257.3 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
257.4 September 30, 2015.

257.5 Sec. 30. **[290B.11] FORMS.**

257.6 The commissioner shall prescribe the content, format, and manner of all forms and  
257.7 other documents required to be filed under this chapter pursuant to section 270C.30.

257.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

257.9 Sec. 31. Minnesota Statutes 2014, section 290C.13, subdivision 3, is amended to read:

257.10 Subd. 3. **Notice date.** For purposes of this section, the term "notice date" means the  
257.11 notice date designated by the commissioner on the order or notice of the determination  
257.12 removing enrolled land or the notice date of designated by the commissioner on the notice  
257.13 denying an application to enroll land or denying part or all of an incentive payment.

257.14 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
257.15 September 30, 2015.

257.16 Sec. 32. **[293.15] FORMS.**

257.17 The commissioner shall prescribe the content, format, and manner of all forms and  
257.18 other documents required to be filed under this chapter pursuant to section 270C.30.

257.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

257.20 Sec. 33. Minnesota Statutes 2014, section 295.55, subdivision 6, is amended to read:

257.21 Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain~~  
257.22 ~~the information and be in the form prescribed by the commissioner.~~ The commissioner  
257.23 shall prescribe the content, format, and manner of the estimated payment forms and annual  
257.24 return pursuant to section 270C.30.

257.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

257.26 Sec. 34. Minnesota Statutes 2014, section 296A.02, is amended by adding a  
257.27 subdivision to read:

258.1 Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner  
 258.2 of all forms and other documents required to be filed under this chapter pursuant to section  
 258.3 270C.30.

258.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

258.5 Sec. 35. Minnesota Statutes 2014, section 296A.22, subdivision 9, is amended to read:

258.6 **Subd. 9. Abatement of penalty.** (a) The commissioner may by written order  
 258.7 abate any penalty imposed under this section, if in the commissioner's opinion there is  
 258.8 reasonable cause to do so.

258.9 (b) A request for abatement of penalty must be filed with the commissioner within  
 258.10 60 days of the notice date of the notice stating that a penalty has been imposed was mailed  
 258.11 to the taxpayer's last known address. For purposes of this section, the term "notice date"  
 258.12 means the notice date designated by the commissioner on the order or other notice that a  
 258.13 penalty has been imposed.

258.14 (c) If the commissioner issues an order denying a request for abatement of penalty,  
 258.15 the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to  
 258.16 Tax Court as provided in section 271.06. If the commissioner does not issue an order on  
 258.17 the abatement request within 60 days from the date the request is received, the taxpayer  
 258.18 may appeal to Tax Court as provided in section 271.06.

258.19 **EFFECTIVE DATE.** This section is effective for orders and notices dated after  
 258.20 September 30, 2015.

258.21 Sec. 36. Minnesota Statutes 2014, section 296A.26, is amended to read:

258.22 **296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

258.23 In lieu of an administrative appeal under section 270C.35, any person aggrieved by  
 258.24 an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within  
 258.25 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
 258.26 provided under section 271.06. For purposes of this section, the term "notice date" means  
 258.27 the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

258.28 **EFFECTIVE DATE.** This section is effective for orders dated after September  
 258.29 30, 2015.

258.30 Sec. 37. Minnesota Statutes 2014, section 297D.02, is amended to read:

258.31 **297D.02 ADMINISTRATION.**

259.1 The commissioner of revenue shall administer this chapter. The commissioner shall  
259.2 prescribe the content, format, and manner of all forms and other documents required to be  
259.3 filed under this chapter pursuant to section 270C.30. Payments required by this chapter  
259.4 must be made to the commissioner on the form provided by the commissioner. Tax obligors  
259.5 are not required to give their name, address, Social Security number, or other identifying  
259.6 information on the form. The commissioner shall collect all taxes under this chapter.

259.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

259.8 Sec. 38. Minnesota Statutes 2014, section 297E.02, subdivision 3, is amended to read:

259.9 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due  
259.10 and payable to the commissioner when the gambling tax return is required to be filed.  
259.11 Distributors must file their monthly sales figures with the commissioner on a form  
259.12 prescribed by the commissioner. Returns covering the taxes imposed under this section  
259.13 must be filed with the commissioner on or before the 20th day of the month following the  
259.14 close of the previous calendar month. ~~The commissioner may require that the returns be~~  
259.15 ~~filed via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the  
259.16 content, format, and manner of returns or other documents pursuant to section 270C.30.  
259.17 The proceeds, along with the revenue received from all license fees and other fees under  
259.18 sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of  
259.19 management and budget for deposit in the general fund.

259.20 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by  
259.21 the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards  
259.22 by the organization is exempt from taxes imposed by chapter 297A and is exempt from all  
259.23 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

259.24 (c) One-half of one percent of the revenue deposited in the general fund under  
259.25 paragraph (a), is appropriated to the commissioner of human services for the compulsive  
259.26 gambling treatment program established under section 245.98. One-half of one percent  
259.27 of the revenue deposited in the general fund under paragraph (a), is appropriated to  
259.28 the commissioner of human services for a grant to the state affiliate recognized by  
259.29 the National Council on Problem Gambling to increase public awareness of problem  
259.30 gambling, education and training for individuals and organizations providing effective  
259.31 treatment services to problem gamblers and their families, and research relating to  
259.32 problem gambling. Money appropriated by this paragraph must supplement and must not  
259.33 replace existing state funding for these programs.

259.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

260.1 Sec. 39. Minnesota Statutes 2014, section 297E.04, subdivision 1, is amended to read:

260.2 Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for  
260.3 use or resale in this state, or for receipt by a person or entity in this state, shall file with the  
260.4 commissioner, on a form prescribed by the commissioner, a report of gambling product  
260.5 sold to any person in the state, including the established governing body of an Indian tribe  
260.6 recognized by the United States Department of the Interior. The report must be filed  
260.7 monthly on or before the 20th day of the month succeeding the month in which the sale  
260.8 was made. ~~The commissioner may require that the report be submitted via magnetic~~  
260.9 ~~media or electronic data transfer.~~ The commissioner shall prescribe the content, format,  
260.10 and manner of returns or other documents pursuant to section 270C.30. The commissioner  
260.11 may inspect the premises, books, records, and inventory of a manufacturer without notice  
260.12 during the normal business hours of the manufacturer. A person violating this section is  
260.13 guilty of a misdemeanor.

260.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

260.15 Sec. 40. Minnesota Statutes 2014, section 297E.05, subdivision 4, is amended to read:

260.16 Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form  
260.17 the commissioner prescribes, its sales of each type of gambling product. This report must  
260.18 be filed monthly on or before the 20th day of the month succeeding the month in which  
260.19 the sale was made. ~~The commissioner may require that a distributor submit the monthly~~  
260.20 ~~report and invoices required in this subdivision via magnetic media or electronic data~~  
260.21 ~~transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or  
260.22 other documents pursuant to section 270C.30.

260.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

260.24 Sec. 41. Minnesota Statutes 2014, section 297E.06, subdivision 1, is amended to read:

260.25 Subdivision 1. **Reports.** An organization must file with the commissioner, on a form  
260.26 prescribed by the commissioner, a report showing all gambling activity conducted by that  
260.27 organization for each month. Gambling activity includes all gross receipts, prizes, all  
260.28 gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful  
260.29 purpose and board-approved expenditures. The report must be filed with the commissioner  
260.30 on or before the 20th day of the month following the month in which the gambling activity  
260.31 takes place. ~~The commissioner may require that the reports be filed via magnetic media or~~  
260.32 ~~electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner  
260.33 of returns or other documents pursuant to section 270C.30.

261.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

261.2 Sec. 42. Minnesota Statutes 2014, section 297F.09, subdivision 1, is amended to read:

261.3 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day  
 261.4 of each calendar month, a distributor with a place of business in this state shall file a  
 261.5 return with the commissioner showing the quantity of cigarettes manufactured or brought  
 261.6 in from outside the state or purchased during the preceding calendar month and the  
 261.7 quantity of cigarettes sold or otherwise disposed of in this state and outside this state  
 261.8 during that month. A licensed distributor outside this state shall in like manner file a  
 261.9 return showing the quantity of cigarettes shipped or transported into this state during the  
 261.10 preceding calendar month. ~~Returns must be made in the form and manner prescribed by~~  
 261.11 The commissioner shall prescribe the content, format, and manner of returns pursuant to  
 261.12 section 270C.30, and the returns must contain any other information required by the  
 261.13 commissioner. The return must be accompanied by a remittance for the full unpaid tax  
 261.14 liability shown by it. For distributors subject to the accelerated tax payment requirements  
 261.15 in subdivision 10, the return for the May liability is due two business days before June 30th  
 261.16 of the year and the return for the June liability is due on or before August 18th of the year.

261.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

261.18 Sec. 43. Minnesota Statutes 2014, section 297F.23, is amended to read:

261.19 **297F.23 JUDICIAL REVIEW.**

261.20 In lieu of an administrative appeal under section 270C.35, a person aggrieved by an  
 261.21 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60  
 261.22 days from the notice date of the notice of the order, appeal to the Tax Court in the manner  
 261.23 provided under section 271.06. For purposes of this section, the term "notice date" means  
 261.24 the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

261.25 **EFFECTIVE DATE.** This section is effective for orders dated after September  
 261.26 30, 2015.

261.27 Sec. 44. Minnesota Statutes 2014, section 297G.09, subdivision 1, is amended to read:

261.28 Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or**  
 261.29 **importers.** On or before the 18th day of each calendar month following the month in  
 261.30 which a licensed manufacturer or wholesaler first sells wine and distilled spirits within  
 261.31 the state, or a brewer or importer first sells or imports fermented malt beverages, or a  
 261.32 wholesaler knowingly acquires title to or possession of untaxed fermented malt beverages,

262.1 the licensed manufacturer, wholesaler, brewer, or importer liable for the excise tax must  
 262.2 file a return with the commissioner, and in addition must keep records and render reports  
 262.3 as required by the commissioner. ~~Returns must be made in a form and manner prescribed~~  
 262.4 ~~by the commissioner, and~~ The commissioner shall prescribe the content, format, and  
 262.5 manner of returns pursuant to section 270C.30. The returns must contain any other  
 262.6 information required by the commissioner. Returns must be accompanied by a remittance  
 262.7 for the full unpaid tax liability. Returns must be filed regardless of whether a tax is due.

262.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

262.9 Sec. 45. Minnesota Statutes 2014, section 297G.22, is amended to read:

262.10 **297G.22 JUDICIAL REVIEW.**

262.11 In lieu of an administrative appeal under this chapter, a person aggrieved by an order  
 262.12 of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days  
 262.13 from ~~the date of the notice~~ date of the order, appeal to the Tax Court in the manner provided  
 262.14 under section 271.06. For purposes of this section, the term "notice date" means the notice  
 262.15 date designated by the commissioner on the order fixing a tax, penalty, or interest.

262.16 **EFFECTIVE DATE.** This section is effective for orders dated after September  
 262.17 30, 2015.

262.18 Sec. 46. Minnesota Statutes 2014, section 297I.30, is amended by adding a subdivision  
 262.19 to read:

262.20 Subd. 11. **Format.** The commissioner shall prescribe the content, format, and  
 262.21 manner of returns or other documents pursuant to section 270C.30.

262.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

262.23 Sec. 47. Minnesota Statutes 2014, section 297I.60, subdivision 2, is amended to read:

262.24 Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in  
 262.25 whole or in part, the taxpayer may contest the denial by:

262.26 (1) filing an administrative appeal with the commissioner under section 270C.35;

262.27 (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice of~~  
 262.28 denial; or

262.29 (3) filing an action in the district court to recover the refund.

262.30 (b) An action in the district court must be brought within 18 months following of the  
 262.31 notice date of the ~~notice of~~ denial. For purposes of this section, "notice date" is defined in

263.1 section 270C.35, subdivision 3. An action for refund of tax or surcharge must be brought  
263.2 in the district court of the district in which lies the taxpayer's principal place of business or  
263.3 in the District Court for Ramsey County. If a taxpayer files a claim for refund and the  
263.4 commissioner has not issued a denial of the claim, the taxpayer may bring an action in  
263.5 the district court or the Tax Court at any time after the expiration of six months from the  
263.6 time the claim was filed.

263.7 **EFFECTIVE DATE.** This section is effective for claims for refund denied after  
263.8 September 30, 2015.

263.9 Sec. 48. Minnesota Statutes 2014, section 469.319, subdivision 5, is amended to read:

263.10 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a  
263.11 repayment required under subdivision 1, if the commissioner, in consultation with  
263.12 the commissioner of employment and economic development and appropriate officials  
263.13 from the local government units in which the qualified business is located, determines  
263.14 that requiring repayment of the tax is not in the best interest of the state or the local  
263.15 government units and the business ceased operating as a result of circumstances beyond  
263.16 its control including, but not limited to:

- 263.17 (1) a natural disaster;  
263.18 (2) unforeseen industry trends; or  
263.19 (3) loss of a major supplier or customer.

263.20 (b)(1) The commissioner shall waive repayment required under subdivision 1a if  
263.21 the commissioner has waived repayment by the operating business under subdivision 1,  
263.22 unless the person that received benefits without having to operate a business in the zone  
263.23 was a contributing factor in the qualified business becoming subject to repayment under  
263.24 subdivision 1;

263.25 (2) the commissioner shall waive the repayment required under subdivision 1a, even  
263.26 if the repayment has not been waived for the operating business if:

- 263.27 (i) the person that received benefits without having to operate a business in the zone  
263.28 and the business that operated in the zone are not related parties as defined in section  
263.29 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and  
263.30 (ii) actions of the person were not a contributing factor in the qualified business  
263.31 becoming subject to repayment under subdivision 1.

263.32 (c) Requests for waiver must be made no later than 60 days after the earlier of the  
263.33 notice date of an order issued under subdivision 4, paragraph (d), or the date of a tax  
263.34 statement issued under subdivision 4, paragraph (c). For purposes of this section, the term  
263.35 "notice date" means the notice date designated by the commissioner on the order.

264.1 **EFFECTIVE DATE.** This section is effective for orders of the commissioner of  
264.2 revenue dated after September 30, 2015.

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ARTICLE 2	PROPERTY TAX .....	Page.Ln 37.3
ARTICLE 3	LOCAL DEVELOPMENT .....	Page.Ln 70.27
ARTICLE 4	SALES AND USE TAXES .....	Page.Ln 76.26
ARTICLE 5	PROPERTY TAX AIDS AND CREDITS .....	Page.Ln 100.15
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ARTICLE 7	MINERALS .....	Page.Ln 121.17
ARTICLE 8	ELECTRIC GENERATION MACHINERY .....	Page.Ln 130.1
ARTICLE 9	RAILROAD RECODIFICATION .....	Page.Ln 139.9
ARTICLE 10	PUBLIC FINANCE .....	Page.Ln 150.7
ARTICLE 11	SUSTAINABLE FOREST INCENTIVE ACT MODIFICATIONS .....	Page.Ln 158.26
ARTICLE 12	MISCELLANEOUS .....	Page.Ln 170.2
	DEPARTMENT POLICY AND TECHNICAL PROVISIONS -	
ARTICLE 13	INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES .....	Page.Ln 191.1
	DEPARTMENT POLICY AND TECHNICAL PROVISIONS -	
ARTICLE 14	SPECIAL TAXES AND SALES TAXES .....	Page.Ln 206.27
	DEPARTMENT OF REVENUE TECHNICAL AND POLICY -	
ARTICLE 15	PROPERTY TAX PROVISIONS .....	Page.Ln 214.26
	DEPARTMENT POLICY AND TECHNICAL PROVISIONS -	
ARTICLE 16	MISCELLANEOUS .....	Page.Ln 240.23

**3.192 REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

Any bill that creates, renews, or continues a tax expenditure must include a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured. For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.

**270.81 TAXATION AND ASSESSMENT OF RAILROAD COMPANY PROPERTY.**

Subd. 4. **Nontaxable property.** In no event shall property owned or used by a railroad, whether operating property or nonoperating property, be subject to tax hereunder unless such property is of a character which would otherwise be subject to tax under the provisions of chapter 272.

**270.83 EXAMINATIONS AND INVESTIGATIONS.**

Subd. 3. **Failure to file report.** If any railroad company shall refuse or neglect to make the report required by this section to the commissioner, or shall refuse or neglect to permit an inspection and examination of its property, records, books, accounts or other papers when requested by the commissioner, or shall refuse or neglect to appear before the commissioner or a person appointed under subdivision 2 when required so to do, the commissioner shall make the valuation provided for by sections 270.80 to 270.87 against the railroad company according to the commissioner's best judgment on available information.

**272.02 EXEMPT PROPERTY.**

Subd. 23. **Agricultural containment facilities.** Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C, are exempt.

Subd. 29. **Cogeneration systems; certain property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), is exempt if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the Public Utilities Commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

Subd. 33. **Electric generation facility personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 250 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (i) not be owned by a public utility as defined in section 216B.02, subdivision 4;
- (ii) utilize natural gas as a primary fuel;
- (iii) be located within 20 miles of the intersection of an existing 42-inch (outside diameter) natural gas pipeline and a 345-kilovolt high-voltage electric transmission line; and
- (iv) be designed to provide peaking, emergency backup, or contingency services, and have received a certificate of need pursuant to section 216B.243 demonstrating demand for its capacity. Construction of the facility must be commenced after July 1, 1999, and before July 1, 2003. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 41. **Pollution abatement property.** Property, including real property, qualifies as exempt pollution abatement property under subdivision 10, if the following conditions are satisfied.

(a)(1) The property is part of a refuse-derived fuel facility converted from a coal burning electric generation facility and the property consists of:

- (i) boiler modifications necessary to efficient handling and burning of refuse-derived fuel and transfer of the heat produced by combustion of the fuel;
- (ii) ash handling and storage systems, such as vacuum-pneumatic equipment, conveyors, crushers, and storage buildings to remove, convey, process, and temporarily store bottom and fly ash from the burning of refuse-derived fuel;

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- (iii) control systems, such as computers, to control the operation of equipment described in clauses (i) to (iv) and other pollution abatement equipment; and
- (iv) equipment to monitor emissions into the air and combustion efficiency; or
- (2) the property is a solid waste resource recovery mass burn facility.

(b) The facility was constructed and will be operated under a contractual arrangement providing for payment, in whole or part, of the property tax on the property by a political subdivision of the state.

Subd. 44. **Electric generation facility personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 250 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be located within 20 miles of parallel existing 16-inch and 12-inch (outside diameter) natural gas pipelines and a 345-kilovolt high-voltage electric transmission line; and
- (3) be designed to provide peaking, emergency backup, or contingency services, and have received a certificate of need under section 216B.243 demonstrating demand for its capacity.

Construction of the facility must be commenced after January 1, 2000, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 45. **Biomass electrical generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electrical generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize biomass as established in section 216B.2424 as a primary fuel source; and
- (2) be constructed for the purpose of generating power at the facility that will be sold pursuant to a contract approved by the Public Utilities Commission in accordance with the biomass mandate imposed under section 216B.2424.

Construction of the facility must be commenced after January 1, 2000, and before December 31, 2005. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or facility.

Subd. 47. **Poultry litter biomass generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electrical generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize poultry litter as a primary fuel source; and
- (2) be constructed for the purpose of generating power at the facility that will be sold pursuant to a contract approved by the Public Utilities Commission in accordance with the biomass mandate imposed under section 216B.2424.

Construction of the facility must be commenced after January 1, 2003, and before December 31, 2005. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 52. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility of more than 40 megawatts and less than 50 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be located within two miles of parallel existing 36-inch natural gas pipelines and an existing 115-kilovolt high-voltage electric transmission line;
- (3) be designed to provide peaking, emergency backup, or contingency services; and
- (4) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422.

Construction of the facility must be commenced after January 1, 2001, and before January 1, 2005. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 54. **Small biomass electric generation facility; personal property.** (a) Subject to paragraph (b), notwithstanding subdivision 9, clause (a), attached machinery and other personal

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property which is part of an electrical generating facility that meets the requirements of this subdivision is exempt. At the time of construction the facility must:

- (1) have a generation capacity of less than 25 megawatts;
- (2) provide process heating needs in addition to electrical generation; and
- (3) utilize agricultural by-products from the malting process and other biomass fuels

as its primary fuel source.

Construction of the facility must be commenced after January 1, 2002, and before January 1, 2008. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or facility.

(b) The exemption under this subdivision is contingent on approval by the governing bodies of the municipality and county in which the electric generation facility is located.

**Subd. 55. Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an electric generating facility that meets the requirements of this subdivision is exempt. At the time of construction, the facility must (i) be eligible to be designated as an innovative energy project under section 216B.1694, except that, notwithstanding anything to the contrary in section 216B.1694, a project may include gas-fired generating facilities that are adaptable for subsequent incorporation into a facility that uses coal as a primary fuel, provided that this exception applies only to the eligibility for exemption under this section, (ii) be within a tax relief area as defined in section 273.134, (iii) have access to existing railroad infrastructure within less than three miles, (iv) have received by resolution approval from the governing body of the county and township or city in which the proposed facility is to be located for the exemption of personal property under this subdivision, and (v) be designed to host at least 500 megawatts of electrical generation.

Construction of the first 100 megawatts of the facility must be commenced after January 1, 2006, and before January 1, 2012. Construction of up to an additional 750 megawatts of generation must be commenced before January 1, 2015. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility. To qualify for an exemption under this subdivision, the owner of the electric generation facility must have an agreement with the host county, township or city, and school district, for payment in lieu of personal property taxes to the host county, township or city, and school district.

**Subd. 56. Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a combined-cycle combustion-turbine electric generation facility that exceeds 300 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize natural gas as a primary fuel;
- (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within five miles of an existing natural gas pipeline and within four miles of an existing electrical transmission substation;
- (4) be located outside the metropolitan area as defined under section 473.121, subdivision 2; and

(5) be designed to provide energy and ancillary services and have received a certificate of need under section 216B.243.

(b) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2007, except that property eligible for this exemption includes any expansion of the facility that also meets the requirements of paragraph (a), clauses (1) to (5), without regard to the date that construction of the expansion commences. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Subd. 68. Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 290 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) be designed to utilize natural gas as a primary fuel;
- (2) not be owned by a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within 15 miles of an existing natural gas pipeline and within five miles of an existing electrical transmission substation;
- (4) be located outside the metropolitan area as defined under section 473.121, subdivision 2;

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(5) be designed to provide peaking capacity energy and ancillary services and have satisfied all of the requirements under section 216B.243; and

(6) have received, by resolution, the approval from the governing body of the county, city, and school district in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2005, and before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 69. **Electric generation facility personal property.** (a) Notwithstanding subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other personal property which is part of an electric generation facility that exceeds 150 megawatts of installed capacity and meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;

(3) have received the certificate of need under section 216B.243;

(4) be located outside the metropolitan area as defined under section 473.121, subdivision 2; and

(5) be designed to be a combined-cycle facility, although initially the facility will be operated as a simple-cycle combustion turbine.

(b) To qualify under this subdivision, an agreement must be negotiated between the municipal power agency and the host city, for a payment in lieu of property taxes to the host city.

(c) Construction of the facility must be commenced after January 1, 2004, and before January 1, 2006. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 70. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of an existing simple-cycle, combustion-turbine electric generation facility that exceeds 300 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of the construction, the facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned by a public utility as defined in section 216B.02, subdivision 4, and be located at or interconnected with an existing generating plant of the utility;

(3) be designed to provide peaking, emergency backup, or contingency services;

(4) satisfy a resource need identified in an approved integrated resource plan filed under section 216B.2422; and

(5) have received, by resolution, the approval from the governing body of the county and the city for the exemption of personal property under this subdivision.

Construction of the facility expansion must be commenced after January 1, 2004, and before January 1, 2005. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 71. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

(1) utilize natural gas as a primary fuel;

(2) be owned by an electric generation and transmission cooperative;

(3) be located within five miles of parallel existing 12-inch and 16-inch natural gas pipelines and a 69-kilovolt high-voltage electric transmission line;

(4) be designed to provide peaking, emergency backup, or contingency services;

(5) have received a certificate of need under section 216B.243 demonstrating demand for its capacity; and

(6) have received by resolution the approval from the governing body of the county and township in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after July 1, 2005, and before January 1, 2009. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

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Subd. 80. **Installed capacity defined.** For purposes of this section, the term "installed capacity" means generator nameplate capacity.

Subd. 84. **Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a 10.3 megawatt run-of-the-river hydroelectric generation facility and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize between 12 and 16 turbine generators at a dam site existing on March 31, 1994;
- (2) be located on land within 3,000 feet of a 13.8 kilovolt distribution substation; and
- (3) be eligible to receive a renewable energy production incentive payment under section 216C.41.

Construction of the facility must be commenced after April 30, 2006, and before January 1, 2011. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 89. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, paragraph (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within one mile of an existing 16-inch natural gas pipeline and a 69-kilovolt and a 230-kilovolt high-voltage electric transmission line;
- (4) be designed to provide peaking, emergency backup, or contingency services;
- (5) have received a certificate of need under section 216B.243 demonstrating demand for its capacity; and
- (6) have received by resolution the approval from the governing bodies of the county and the city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2008, and before January 1, 2012. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

Subd. 92. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of an electric generation facility that exceeds 150 megawatts of installed capacity, does not exceed 780 megawatts of summer capacity, and meets the requirements of this subdivision is exempt. At the start of construction, the facility must:

- (1) be designed to utilize natural gas as a primary fuel;
- (2) be owned by an entity other than a public utility as defined in section 216B.02, subdivision 4;
- (3) be located within five miles of two or more interstate natural gas pipelines;
- (4) be located within one mile of an existing electrical transmission substation with operating alternating current voltages of 115 kV, 345 kV, and 500 kV;
- (5) be designed to provide electrical capacity, energy, and ancillary services;
- (6) have satisfied all of the requirements under section 216B.243;
- (7) have executed an interconnection agreement with the Midwest Independent System Operator that does not require the acquisition of more than one mile of new electric transmission right-of-way within the county where the facility is located, and does not provide for any other new routes or corridors for future electric transmission lines in the county where the facility is located;
- (8) be located in a county with an essential services and transmission services ordinance;
- (9) have signed a development agreement with the county board in the county in which the facility is located. The development agreement must be adopted by a two-thirds vote of the county board, and must contain provisions ensuring:
  - (i) the facility is designed to use effluent from a wastewater treatment facility as its preferred water source if it includes any combined-cycle units, and will not seek an exemption from legislative approval under section 103G.265, subdivision 3, paragraph (b); and
  - (ii) all processed wastewater discharge will be colocated with the outfall of a wastewater treatment facility;

(10) have signed a development agreement with the township board in the township in which the facility is located containing provisions ensuring that noise and visual impacts of the facility are mitigated. The development agreement must be adopted by a two-thirds vote of the township board; and

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(11) have an agreement with the host county, township, and school district for payment in lieu of personal property taxes to the host county, township, and school district for a total amount not to exceed \$600,000 per year for the operating life of the facility. Any amount distributed to the school district is not subject to the deductions under section 126C.21.

(b) Construction of the facility must begin after March 1, 2010, and before March 1, 2014. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the facility.

**Subd. 93. Electric generation facility; personal property.** Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of a simple-cycle electric generation facility of more than 40 megawatts and less than 125 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be located within two miles of parallel existing 36-inch natural gas pipelines and an existing 115-kilovolt high-voltage electric transmission line;
- (3) be designed to provide peaking, emergency backup, or contingency services;
- (4) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422; and

(5) have an agreement with the host county, township, and school district for payment in lieu of personal property taxes to the host county, township, and school district for the operating life of the facility. Any amount distributed to the school district is not subject to the deductions under section 126C.21.

Construction of the facility must be commenced after January 1, 2015, and before January 1, 2019. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Subd. 96. Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other personal property that is part of a multiple reciprocating engine electric generation facility that adds more than 20 and less than 30 megawatts of installed capacity at a site where there is presently more than ten megawatts and fewer than 15 megawatts of installed capacity and that meets the requirements of this subdivision is exempt from taxation and from payments in lieu of taxation. At the time of construction, the facility must:

- (1) be designed to utilize natural gas as a primary fuel;
- (2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;
- (3) be located within one mile of an existing natural gas pipeline;
- (4) be designed to have black start capability and to furnish emergency backup power service to the city in which it is located;
- (5) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422; and

(6) have received, by resolution, the approval of the governing bodies of the city and county in which it is located for the exemption of personal property provided by this subdivision.

(b) Construction of the facility must be commenced after December 31, 2011, and before January 1, 2015. Property eligible for this exemption does not include (i) electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility; or (ii) property located on the site on July 20, 2011.

**Subd. 99. Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other personal property which is part of an electric generation facility that exceeds five megawatts of installed capacity and meets the requirements of this subdivision is exempt. At the time of construction, the facility must be:

- (1) designed to utilize natural gas as a primary fuel;
- (2) owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;
- (3) designed to utilize reciprocating engines paired with generators to produce electrical power;

(4) located within the service territory of a municipal power agency's electrical municipal utility that serves load exclusively in a metropolitan county as defined in section 473.121, subdivision 4; and

- (5) designed to connect directly with a municipality's substation.

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(b) Construction of the facility must be commenced after June 1, 2013, and before June 1, 2017. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**272.0211 SLIDING SCALE MARKET VALUE EXCLUSION FOR ELECTRIC POWER GENERATION EFFICIENCY.**

Subdivision 1. **Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the forms and procedures for this application. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2) shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

Subd. 2. **Sliding scale exclusion.** Based upon the efficiency determination provided by the commissioner of commerce as described in subdivision 1, the commissioner of revenue shall subtract eight percent of the taxable market value of the qualifying property for each percentage point that the efficiency of the specific facility, as determined by the commissioner of commerce, is above 40 percent. The reduction in taxable market value shall be reflected in the taxable market value of the facility beginning with the assessment year immediately following the determination. The commissioner shall develop an electronic means to notify interested parties of the qualifying facilities and their respective exclusion percentages after the efficiency determination is made by the Department of Commerce. For a facility that is assessed by the county in which the facility is located, the commissioner of revenue shall certify to the assessor of that county the percentage of the taxable market value of the facility to be excluded.

Subd. 3. **Revocation.** (a) The commissioner of revenue shall revoke the market value reduction under this section, if:

(1) the applicant exercises its right under federal law to require an electric utility to purchase power generated by the facility; and

(2) the electric utility notifies the commissioner that the applicant has exercised its right to require purchase of power.

The revocation is effective beginning the first assessment year after notification of the commissioner.

(b) For purposes of this subdivision, the following terms mean:

(1) "Federal law" is the federal Public Utility Regulatory Policies Act, United States Code, title 16, section 824a-3, and regulations promulgated under that section, including Code of Federal Regulations, title 18, sections 929.303 and 929.304.

(2) "Electric utility" means an electric utility as defined in federal law described in clause (1).

Subd. 4. **Eligibility.** An owner or operator of a new or existing electric power generation facility who offers electric power generated by the facility for sale is eligible for an exclusion under this section only if:

(1) the owner or operator has received a certificate of need under section 216B.243, if required under that section;

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(2) the public utilities commission finds that an agreement exists or a good faith offer has been made to sell the majority of the net power generated by the facility to an electric utility which has a demonstrated need for the power. A right of first refusal satisfies the good faith offer requirement. The commission shall have 90 days from the date the commission receives notice of the application under subdivision 1 to make this determination;

(3) the electric utility has agreed in advance not to offer the electric power for resale to a retail customer located outside of the utility's assigned service area, or, if the utility is a generation and transmission cooperative electric association, the assigned service area of its members, unless otherwise permitted by law; and

(4) for any facility that was not certified as eligible for an exclusion under subdivision 2 for property taxes payable in 2015, the facility must be converted from coal to an alternative fuel and must have a nameplate capacity prior to conversion of less than 75 megawatts.

For the purposes of this subdivision, "electric utility" means an entity whose primary business function is to operate, maintain, or control equipment or facilities for providing electric service at retail or wholesale, and includes distribution cooperative electric associations, generation and transmission cooperative electric associations, municipal utilities, and public utilities as defined in section 216B.02, subdivision 4.

### **273.111 AGRICULTURAL PROPERTY TAX.**

Subd. 9a. **Cross-compliance with agricultural chemical and water laws.** (a) A parcel of property enrolled under this section whose owner is subject to two or more final enforcement actions for violations of chapter 18B, 18C, 18D, 103E, 103F, 103G, or 103H, or any rule adopted under those chapters, including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be subject to a property tax penalty as defined in this subdivision.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty other than a verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) The first time a final enforcement action is taken based on a violation occurring on a parcel enrolled under this section, the owner must be notified that if a second final enforcement action is issued, the property is subject to a property tax penalty, as defined in this subdivision.

(d) When a second final enforcement action is taken based on a violation occurring on a parcel enrolled under this section within three years from the first violation, the law enforcement officer or other person enforcing the law or rule must notify the county auditor. The auditor must then determine the property tax penalty, equal to the deferred taxes on the parcel for the current year and the two previous years, but not to exceed the current owner's time of ownership, and extend the penalty against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the penalty if timely paid. The penalty levied under this subdivision is in addition to any additional taxes levied under subdivision 9 at the time a property is withdrawn from the program.

### **275.025 STATE GENERAL TAX.**

Subd. 4. **Apportionment and levy of state general tax.** Ninety-five percent of the state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and five percent of the state general tax must be levied by applying a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy rate to each county auditor that shall be used in spreading taxes.

### **281.22 COUNTY AUDITOR TO GIVE NOTICE.**

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise,

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all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

**290C.02 DEFINITIONS.**

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

**469.194 LEWIS AND CLARK WATER PROJECT BONDING.**

Subd. 2. **Municipalities.** For purposes of this section, "municipality" or "municipalities" means any of the following governmental units:

- (1) the city of Luverne;
- (2) the city of Worthington;
- (3) Nobles County; and
- (4) Rock County.

Subd. 4. **Payment allocation.** The joint powers board may agree to allocate the responsibility of each of its members and each municipality to pay obligations issued under this section. One-half of any federal grants and aid received to fund the project in any year shall be used to proportionately reduce responsibility to pay obligations under this subdivision.

**8092.2000 CONTRACTS WITH STATE; WITHHOLDING; CERTIFICATION.**

Minnesota Statutes, section 270C.66 provides that no department of the state of Minnesota nor any political or governmental subdivision thereof shall make final settlement with any contractor, under a contract requiring the employment of employees for wages by said contractor, until satisfactory showing is furnished to said department or governmental subdivision that the contractor in question has complied with the withholding provisions of Minnesota Statutes, section 290.92. The statute further provides that a certificate issued by the commissioner of revenue shall satisfy this requirement.

The provisions of the statute are prospective in their effect and apply only to contracts executed after April 7, 1961. To facilitate the obtaining of the certification provided for by Minnesota Statutes, section 270C.66 the commissioner has made available form IC134. This form is in two parts, the first section thereof is in the form of an affidavit to be executed by a prime contractor or subcontractor and the second portion thereof is the commissioner's certification. The affidavit portion of the form in any event requires that certain identifying information be set forth by the affiant such as the name of the contractor, the address, withholding identification number, the number of the contract or contracts involved and the name of the department of the state or governmental subdivision with whom the contractor has contracted. The affidavit itself is divided into two parts A and B and it is intended that part A will be executed by both a prime contractor or subcontractor with respect to the employees of such prime contractor or subcontractor.

Part B of said affidavit is to be executed only by a prime contractor who has utilized subcontractors in completing a contract with the state or governmental subdivision thereof. In such a case it is contemplated that each subcontractor will execute part A of the affidavit on form IC134 and obtain from the commissioner certification with respect to such subcontractor's own employees. This copy of form IC134 certified to with respect to the subcontractor's employees will be given to the prime contractor who should keep such affidavit and certification in the prime contractor's own files. When the prime contractor has received such an affidavit and certification from all of the subcontractors on the contract, the prime contractor will then be in a position to execute part B of the affidavit as well as part A and obtain a certification from the commissioner as to the prime contractor's own employees. This form IC134, when both parts A and B have been executed by the prime contractor and certified to by the commissioner, should then be delivered to the department or governmental subdivision in satisfaction of the requirements of Minnesota Statutes, section 270C.66.

The withholding section of the Department of Revenue will process these affidavits and any requests for form IC134 or inquiries relative to their use and application should be directed to this part.

**8106.0100 DEFINITIONS.**

Subpart 1. **Scope.** As used in this chapter, the following words, terms, and phrases have the meanings given to them by this part. Some of the words, terms, and phrases are defined by statute but are included here for completeness.

**8106.0100 DEFINITIONS.**

Subp. 2. **Allocation.** "Allocation" means the process by which a fair and reasonable portion of each railroad's total unit value is assigned to Minnesota for purposes of taxation.

**8106.0100 DEFINITIONS.**

Subp. 3. **Apportionment.** "Apportionment" means the process of distributing that portion of the railroad's unit value which has been allocated to Minnesota after deducting exempt and nonoperating property to the various counties and taxing districts in which the railroad company operates.

**8106.0100 DEFINITIONS.**

Subp. 4. **Assessment/sales ratio.** "Assessment/sales ratio" means the ratio derived by dividing the estimated market value of a property by its adjusted selling price and used as a measure of the level of estimated market value to real or true market value.

**8106.0100 DEFINITIONS.**

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Subp. 5. **Book depreciation.** "Book depreciation" means the depreciation shown by a railroad company on its corporate books and allowed the company by the Surface Transportation Board.

**8106.0100 DEFINITIONS.**

Subp. 6. **Capitalization rate.** "Capitalization rate" means an anticipated rate of return from an investment, a rate at which income is processed (capitalized) to indicate the probable capital value. This rate is usually expressed as a percentage.

**8106.0100 DEFINITIONS.**

Subp. 7. **Equalization.** "Equalization" means the adjustment of the estimated market value of railroad operating property to the apparent assessment/sales ratio of commercial and industrial property.

**8106.0100 DEFINITIONS.**

Subp. 8. **Exempt property.** "Exempt property" means property which is nontaxable for ad valorem tax purposes by statutes. An example of such property is personal property exempt from taxation under Minnesota Statutes, chapter 272.

**8106.0100 DEFINITIONS.**

Subp. 10. **Mainline track.** "Mainline track" means all track reported to the STB by the respondent railroad as main line.

**8106.0100 DEFINITIONS.**

Subp. 12. **Obsolescence allowance.** "Obsolescence allowance" means the adjustment to be made to the gross cost indicator of value to reflect the loss of economic usefulness or value because of causes other than physical deterioration.

**8106.0100 DEFINITIONS.**

Subp. 13. **Operating property.** "Operating property" means all property owned or used on a regular and continual basis by a railroad company in the performance of railroad transportation services, including without limitation, franchises, rights-of-way, bridges, trestles, shops, docks, wharves, buildings, and structures.

**8106.0100 DEFINITIONS.**

Subp. 14. **Original cost.** "Original cost" means the amount paid for an asset as recorded on the railroad's books in accordance with STB accounting rules and regulations.

**8106.0100 DEFINITIONS.**

Subp. 17. **Restated cost.** "Restated cost" means the cost of an asset recorded on a railroad's books after adjusting the amount from a retirement-replacement-betterment accounting basis to a depreciation accounting basis, in accordance with Code of Federal Regulations, title 49, part 1201 (effective January 1, 1983).

**8106.0100 DEFINITIONS.**

Subp. 17a. **STB.** "STB" means the Surface Transportation Board, a federal regulatory agency.

**8106.0100 DEFINITIONS.**

Subp. 18. **Structure.** "Structure" means all coal and ore wharves or docks, station houses, depots, shops, office buildings, and all other buildings with a restated cost of over \$10,000.

**8106.0100 DEFINITIONS.**

Subp. 19. **System.** "System" means the total tangible property, real and personal, of a company which is used in its railroad operations in all states in which it operates.

**8106.0100 DEFINITIONS.**

Subp. 20. **Unit value.** "Unit value" means the value of the system of a railroad company taken as a whole without any regard to the value of its component parts.

**8106.0100 DEFINITIONS.**

Subp. 21. **Weighting.** "Weighting" means the confidence or reliability given to a factor or indicator. It is usually expressed as a portion of 100 percent.

**8106.0300 REPORTS REQUIRED.**

Subpart 1. **Reports to be filed.** The data used in the valuation, allocation, and apportionment processes will be drawn from reports submitted to the Department of Revenue by the railroad companies. These reports shall include:

- A. the Minnesota Department of Revenue annual railroad report;
- B. the annual report to the STB;
- C. the annual stockholders report; and
- D. other commonly accepted sources of railroad income, expense, capitalization, and debt and stock values such as IBBOTSON Associates Inc., and Statistics of Class I Freight Railroads compiled by the STB.

**8106.0300 REPORTS REQUIRED.**

Subp. 3. **Failure to file.** In the event any railroad company fails to file the required reports, the commissioner shall make a valuation according to the commissioner's best judgment based on available information.

Other sources of pertinent information may be consulted only when necessary to make the valuation, allocation, and apportionment required by parts 8106.0100 to 8106.0700. Said sources will, when applicable, be used uniformly and will be commonly accepted sources of data for which they are consulted. Questions unique to the valuation of a particular railroad may be resolved by consulting the books and records of the particular railroad involved.

**8106.0400 VALUATION.**

Subpart 1. **In general.** The approaches to value that will be used in determining the estimated unit value of railroad operating property are cost, capitalized income, and stock and debt except as provided in subparts 4 and 6.

Subp. 2. **Cost approach to valuation.** The cost factor that will be considered in the railroad valuation method is the restated cost of the railroad system, plus the restated cost of construction work in progress on the assessment date. The railroad system shall be considered to be made up of the following STB accounts: all road and equipment accounts, including leased equipment accounts; all general expenditures; and other elements of investment and railroad property owned and leased to others as well as railroad property leased from others. Book depreciation and obsolescence shall be allowed as a deduction from the restated cost of the railroad's assets enumerated above. The original cost if known, and the annual lease payments of any leased operating property used by the railroad must be reported to the commissioner in conjunction with the annual railroad report. The commissioner shall incorporate the value of the leased property into the railroad's unit value utilizing this information.

Obsolescence will be calculated through the use of the "Blue Chip Method." This method compares the railroad being appraised with the best railroads in the country, the so-called blue chip railroads. Three indicators of obsolescence will be used. First, a five-year average rate of return will be calculated for the railroad under appraisal. This rate of return is computed by dividing the subject's annual net railroad operating income for each of the most recent five years preceding the assessment, by the railroad's total owned transportation property less recorded depreciation and amortization (net investment in railroad property) for each corresponding year. The resulting five rates of return are then averaged using a simple arithmetic average to arrive at a five-year average rate of return. An example of this computation is as follows:

XYZ Railroad

Year	Net Railroad Operating Income	Net Investment	Indicated Rate of Return
....	\$2,700,000	\$31,500,000	8.57%
....	\$2,900,000	\$32,000,000	9.06%
....	\$3,100,000	\$33,500,000	9.25%
....	\$3,300,000	\$34,000,000	9.70%

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....	\$3,530,700	\$35,000,000	10.08%
			Total 46.66%
Five-year Average Rate of Return			9.33%

A study will then be made of the Class I railroads operating within the United States for the same five-year period using such informational sources as information compiled annually by the Wisconsin Department of Revenue known as the "Blue Chip" Obsolescence Study for STB Class I Railroads. Each year the railroad with the highest rate of return will be selected as the blue chip railroad. The resulting five rates of return will then be averaged to find the five-year average blue chip rate of return. An example of this process is as follows:

Year	Railroad	Rate of Return
....	ABC	11.50%
....	FGH	11.27%
....	JKL	10.57%
....	MNO	11.02%
....	XYZ	10.08%
		Total 54.44%
Five-year Average Blue Chip Rate of Return		10.89%

The five-year average rate of return for the railroad under appraisal will be compared to the five-year average blue chip rate of return. The deviation of the subject railroad's rate of return from the blue chip railroads' rate of return is the amount of indicated obsolescence. The following example illustrates the computation.

XYZ Railroad Five-Year Average Rate of Return	9.33%
Blue Chip Five-Year Average Rate of Return	10.89%
Indicated Obsolescence $1 - (9.33\% \div 10.89\%)$	14.30%

Second, a five-year average freight traffic density indicator will be calculated. This indicator is calculated by dividing the subject railroad's ton miles of revenue freight for the most recent five years preceding the assessment by the average miles of road operated for each corresponding year. The resulting five indicators of freight traffic density are then averaged using a simple arithmetic average to arrive at a five-year average of freight traffic density. An example of this computation is as follows:

XYZ Railroad			
Year	Ton Miles of Revenue Freight	Average Miles of Road Operated	Indicated Freight Traffic Density
....	1,300,000,000	575	2,260,000
....	1,402,500,000	550	2,550,000
....	1,200,000,000	550	2,180,000
....	1,100,000,000	500	2,200,000
....	1,000,000,000	500	2,000,000
			Total 11,190,000
Five-Year Average Freight Traffic Density			2,238,000

A five-year study is then made of the Class I railroads operating within the United States in the same manner and using the same sources as the rate of return study with the exception that this study concentrates on the freight traffic density achieved by the various Class I railroads. Each year the railroad with the highest freight traffic density will be selected as the blue chip railroad. The resulting five freight traffic density amounts will then be averaged to find the five-year average blue chip freight traffic density amount. An example of this process is as follows:

Year	Railroad	Freight Traffic Density
....	JKL	2,280,000
....	FGH	2,600,000
....	FGH	2,200,000

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....	MNO	2,900,000
....	ABC	2,280,000
		Total 12,260,000
	Five-year Average Blue Chip Freight Traffic Density	2,452,000

The five-year average freight traffic density indicator of the railroad under appraisal will be compared to the five-year average blue chip freight traffic density indicator. The deviation of the subject railroad's freight traffic density from the blue chip railroad's freight traffic density is the amount of indicated obsolescence. The following example illustrates this computation:

XYZ Railroad Five-Year Average Freight Traffic Density	2,238,000
Blue Chip Five-Year Average Freight Traffic Density	2,452,000
Indicated Obsolescence $1 - (2,238,000 \div 2,452,000)$	8.70%

Third, a five-year average gross profit margin indicator will be calculated. This indicator measures a railroad's ability to convert gross revenue to net profit. This indicator is calculated by dividing net railway operating income, before federal and deferred taxes, by gross revenues. This calculation is performed using the subject railroad income figures for the most recent five years preceding the assessment. The resulting five indicators of gross profit margin are then averaged using a simple arithmetic average to arrive at a five-year average of gross profit margin. An example of this computation is as follows:

XYZ Railroad			
Year	Net Railroad Operating Income Before Taxes	Gross Revenue	Indicated Gross Profit Margin
....	4,050,000	15,000,000	27.0%
....	4,350,000	15,800,000	27.5%
....	4,650,000	16,500,000	28.2%
....	4,950,000	17,300,000	28.6%
....	5,295,000	19,000,000	27.9%
			Total 139.2%
	Five-Year Average Gross Profit Margin		27.8%

A study will then be made of the Class I railroads operating within the United States for the same five-year period in the same manner and using the same sources in the two previous five-year studies mentioned above. This study will look at the gross profit margin achieved by the various Class I railroads. Each year the railroad with the highest gross profit margin will be selected as the blue chip railroad. The resulting five gross profit margin percents will then be averaged to find a five-year average blue chip gross profit margin percentage. An example of this process is as follows:

Year	Railroad	Gross Profit Margin
....	ABC	30.0%
....	ABC	31.2%
....	JKL	29.9%
....	FGH	32.6%
....	JKL	33.3%
		Total 157.0%
	Five-Year Average Blue Chip Gross Profit Margin	31.4%

The five-year average gross profit margin percent for the railroad under appraisal will be compared to the five-year average blue chip gross profit margin percent. The deviation of the subject railroad's gross profit margin from the blue chip railroad's gross profit margin is the amount of indicated obsolescence. The following example illustrates this computation:

XYZ Railroad Five-Year Average Gross Profit Margin	27.8%
Blue Chip Five-Year Average Gross Profit Margin	31.4%
Indicated Obsolescence $1 - (27.8\% \div 31.4\%)$	11.5%

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The obsolescence percentage indicated by this comparison of gross profit margins will be added to the obsolescence indicated by a comparison of rates of return and freight traffic density. The total of these three amounts will be averaged and this result will be the overall obsolescence percentage for the subject railroad. The following is an example of this computation:

XYZ Railroad	
Obsolescence Indicated by Rate of Return Comparison	14.30%
Obsolescence Indicated by Freight Traffic Density Comparison	8.70%
Obsolescence Indicated by Gross Profit Margin Comparison	11.50%
	Total 34.50%
 Average Obsolescence Percentage	 11.50%

The obsolescence percentage will then be applied to the road accounts of the subject railroad, excluding land and personal property, after the allowance for depreciation has been deducted. In no instance shall the allowance for obsolescence exceed 50 percent. The following example illustrates how the cost indicator of value is computed and how the allowance for obsolescence is applied.

XYZ Railroad	
Account	Amount
Road	\$24,000,000
Equipment – Owned and Leased	9,000,000
Construction Work in Progress	4,500,000
General Expenditures	1,823,000
Gross Cost Indicator	39,323,000
Less Depreciation	10,000,000
Net Cost Indicator	\$29,323,000
 Road	 \$24,000,000
Less Land and Personal Property	1,000,000
Adjusted Road	23,000,000
 Adjusted Road	 \$23,000,000
Depreciation on Adjusted Road	7,000,000
Net Road	16,000,000
Obsolescence Percent	11.5%
Obsolescence Amount	1,840,000
Adjusted Cost Indicator of Value	\$27,483,000

This cost indicator of value computed in accordance with this part will bear a weighting of 15 percent of the total unit value estimate of the railroad's property, except in the case of bankrupt railroads, or railroads with no income to be capitalized, as provided for in subpart 6, or railroads not meeting the criteria for use of the stock and debt approach to value as specified in subpart 4. These railroads will be valued using a 40 percent weighting for the cost indicator of value.

**Subp. 3. Income approach to valuation.** The income indicator of value will be calculated by averaging the net railway operating income, as defined by the STB, of the railroad for the most recent five years preceding the assessment. This average income shall be capitalized by applying to it a capitalization rate which will be computed by using the band of investment method. This method will consider:

- A. the capital structure of railroads, including capital surplus and retained earnings;
- B. the cost of debt or interest rate paying particular attention to imbedded debt of railroads;
- C. the yield on preferred stock of railroads; and
- D. the yield on common stock of railroads.

This rate will be calculated each year using the method described in this subpart.

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An example of a computation of the capitalized income approach to value is as follows:

Year	Net Railway Operating Income
....	\$ 2,600,000
....	2,700,000
....	3,000,000
....	3,100,000
....	3,492,500
Total	\$14,892,500
 Average	 \$ 2,978,500

Five-year average Net Railway Operating Income Capitalized at 14.0 percent (2,978,500 ÷ 14.0 percent) equals \$21,275,000.

The income indicator of value computed in accordance with this part shall be weighted 60 percent of the total estimated unit value of the railroad's property except in the case of bankrupt railroads or railroads having no net operating income as provided for in subpart 6.

Subp. 4. **Stock and debt approach to valuation.** The stock and debt approach to value is the third method which will be used to estimate the unit value of the railroad operating property. This approach to value is based on the accounting principle: assets = liabilities + equity. Therefore, when the value of a company's liabilities (debt) is found and this added to the worth of its stock, a value can be established for its assets (property).

The use of this approach to value will be limited to only those railroads meeting qualifications in items A to C:

A. The stock of the railroad must be traded on either the New York or American Stock Exchange.

B. The bonds of the railroad must be traded or have a rating by either Standard and Poor's or Moody's rating services.

C. If the railroad is part of a diversified company, the value of the railroad portion of the total stock price must be able to be separated on an earnings basis using the following method:

XYZ Railroad	
XYZ railroad is wholly owned by ABC Industries Inc.	
Net Earnings of ABC Industries	\$5,200,500
Net Earnings of XYZ Railroad	\$2,600,250
Percent of XYZ net earnings to total conglomerate earnings	50%
Value of share of ABC Industries stock	\$100
XYZ Railroad portion of stock value	\$50

If a railroad has no net earnings, and is part of a conglomerate, then the stock and debt indicator of value will not be used.

The value of the stock used in the stock and debt method shall be an average of the month-ending stock prices for the 12 months immediately preceding the assessment date of January 2. The value of the bonds, equipment obligations, and conditional sales contracts, and other long-term debts shall also be an average of the cost of money quotes for the 12 months immediately preceding the assessment date of January 2. The source for these stock and bond prices shall be Standard and Poor's Stock Guide or other applicable financial service.

An illustration of a computation of the stock and debt approach to value is as follows:

XYZ Railroad Company	
Shares of Common Stock issued x	
Average price for preceding year	1,000,000 x \$12 = \$12,000,000
Shares of Preferred Stock x	
Average price for preceding year	

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100,000 x \$15 = \$ 1,500,000

Rate and face value of bonds x

Average price for class of bonds for preceding  
year

A rated 8% bonds \$10,000,000 x 99% of par = \$ 9,900,000

Stock and Debt Indicator of Value

\$23,400,000

After the gross stock and debt indicator of value has been computed, an allowance will be made for the effect, if any, of revenue from other than railway operations included in this indicator of value. This allowance shall be based on the ratio of a five-year average of net revenue from railway operations, as determined by the STB, to a similar five-year average of income available for fixed charges as determined by the STB. The five-year average will be the most recent five years preceding the assessment date. An example of this computation is as follows:

XYZ Railroad Company

Year	Net Revenue from Railway Operations	Income Available for Fixed Charges
....	\$ 3,000,000	\$ 3,500,000
....	4,000,000	4,300,000
....	5,200,000	5,700,000
....	6,000,000	6,800,000
....	5,200,000	5,400,000
	\$23,400,000	\$25,700,000
Average	\$ 4,680,000	\$ 5,140,000

Ratio  $\$4,680,000 \div \$5,140,000 = 91\%$

Gross Stock and Debt Indicator of Value

\$23,400,000

Ratio of Operating to Noncarrier Earnings

91%

Net Stock and Debt Indicator of Value

\$21,300,000

The stock and debt indicator of value computed in accordance with this part will bear a weighting of 25 percent of the total unit value of the railroad's property, except in the case of bankrupt railroads, railroads in bankruptcy proceedings, or railroads with no income to be capitalized, as provided for in subpart 6. If no stock and debt indicator of value is computed, the weighting of 25 percent which would have been applied to this indicator of value will be placed on the cost indicator of value.

Subp. 5. **Unit value computation.** The estimated unit value of the railroad property will be the total of the three weighted indicators of value. The following is an example of the computation of the unit value.

Valuation Approach	Value	Weighting	
Cost indicator of value	\$27,483,000	15%	\$ 4,122,500
Income indicator of value	21,275,000	60%	12,765,000
Stock and debt indicator of value	21,300,000	25%	5,325,000
			Unit Value \$22,212,500

The weighting shown above may vary from railroad to railroad as provided for in subparts 2 to 4.

Subp. 6. **Railroads operating at a loss, bankrupt railroads involved in federal bankruptcy proceedings, and railroads adjudged bankrupt by a federal court.** Railroads which are involved in federal bankruptcy proceedings, adjudged bankrupt, or railroads having no net railway operating income will be valued using the cost and stock and debt approaches to value. If the stocks or bonds of such railroads are not traded, or do not meet the other requirements for use of the stock and debt indicator of value, then these railroads will be valued using the cost approach to value only.

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**8106.0500 ALLOCATION.**

Subpart 1. **In general.** After the estimated unit value of the railroad property has been determined, the portion of value which is attributable to Minnesota must be established. This is accomplished through the use of certain allocation factors. Each of the factors in the allocation method shows a relationship between the railroad system operations in all states and its Minnesota operations. These relationships are expressed in percentage figures. These percentages are then added and an average is computed. The resulting average of the factors, multiplied by the unit value, yields the Minnesota portion of the railroad property which will, after the adjustments described in parts 8106.0600 and 8106.0800, be subject to ad valorem tax in Minnesota.

Subp. 2. **Allocation factors.** The factors to be considered in making allocations of unit values to Minnesota for railroad companies are:

- A. miles of railroad track operated in Minnesota divided by miles of railroad track operated in all states;
- B. ton miles of revenue freight transported in Minnesota divided by ton miles of revenue freight transported in all states;
- C. gross revenues from transportation operations within Minnesota divided by gross revenues from transportation operations in all states; and
- D. cost of road property in Minnesota divided by the cost of road property in all states.

The following example illustrates the allocation method to be applied to the unit value of railroad property.

XYZ Railroad			
Minnesota miles of track	100		
	500	=	20%
Total miles of track			
Minnesota ton miles of revenue freight	2,200,000		
	9,000,000	=	24%
Total ton miles of revenue freight			
Minnesota gross transportation revenue	\$10,000,000		
	\$40,000,000	=	25%
Total gross transportation revenue			
Minnesota cost of road property	2,990,000		
	13,000,000	=	23%
Total cost of road property			
	Total		92%
	Minnesota Percent of Unit Value		23%
Total Unit Value (\$22,212,500 x 23%) =			
Minnesota Portion of Unit Value	\$5,108,875		

**8106.0600 ADJUSTMENTS FOR NONFORMULA ASSESSED PROPERTY OR EXEMPT PROPERTY.**

After the Minnesota portion of the unit value of the railroad company is determined, property which is either exempt from taxation, such as personal property, or classified as nonoperating will be deducted from the Minnesota portion of the unit value to the extent that it has been included in the computation of this value.

Property which has been included in the computation of the unit value but has been defined as nonoperating property will be valued by the local assessor. The Minnesota portion of the unit value will be reduced by the restated cost of this property. Only nonoperating property located within Minnesota will be eligible for this exclusion.

The railroad company shall have the responsibility to submit to the commissioner of revenue, in the form required by the commissioner, such schedules of nonoperating property as the commissioner may require.

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In addition to nonoperating property which will be valued and assessed locally, a deduction from the Minnesota portion of the unit value will be made for personal property.

A percentage of the Minnesota portion of the unit value before deducting nonoperating property will be excluded as personal property. This percentage will be computed in the following way:

- A. The following STB accounts for property within Minnesota will be totaled:
- (1) that portion of coal and ore wharves determined to be personal property;
  - (2) communication systems;
  - (3) signals and interlockers;
  - (4) roadway machines;
  - (5) shop machinery;
  - (6) power plant machinery;
  - (7) computer and word processing equipment; and
  - (8) equipment, allocated to Minnesota on the basis of car and locomotive miles in Minnesota compared to total system car and locomotive miles.

B. The total of these accounts will then be divided by the total of the Minnesota road, equipment, leased property, general expenditures, construction work in progress, and other elements of investment accounts. The resulting percentage will be used to determine the personal property amount of the Minnesota portion of the unit value. This amount will not be taxable for ad valorem purposes.

C. The following is an illustration of the computation for the personal property exclusion.

XYZ Railway

Personal Property Account	Amount in Minnesota
Computer and Word Processing Equipment	\$ 89,200
Coal and Ore Wharves	100,000
Communication Equipment	100,000
Signals and Interlockers	200,000
Roadway Machines	200,000
Shop Machinery	100,000
Power Plant Machinery	100,000
* Equipment – Owned and Leased	2,250,000
	<b>3,139,200</b>
* Total Equipment Account	<b>\$9,000,000</b>
Car and Locomotive Miles in Minnesota	1,000,000
Total Car and Locomotive Miles	4,000,000
Ratio of Minnesota to Total	25%
Minnesota Allocated Equipment Account	<b>\$2,250,000</b>
	<b>Amount in Minnesota</b>
Restated Cost Account	
Road	\$2,990,000
Equipment – Owned and Leased	2,250,000
Construction Work in Progress	800,000
General expenditures	500,000
	<b>\$6,540,000</b>
Minnesota Personal Property Accounts	<b>\$3,139,200</b>
Minnesota Restated Cost	<b>\$6,540,000</b>

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Ratio of Personal Property to Cost	48%
Minnesota portion of unit value	5,108,875
Personal Property exclusion at 48%	2,452,260
Taxable Minnesota Portion of Unit Value	\$2,656,615

**8106.0700 APPORTIONMENT.**

Subpart 1. **In general.** After the taxable Minnesota portion of the railroad's unit value has been determined, this value must be distributed to the various counties and taxing districts in which the railroad operates. This distribution will be accomplished by the commissioner of revenue through the use of certain apportionment components. Each of the components in the apportionment method is a reflection of the property owned or used by the railroad within a particular taxing district. The figures making up these components will be developed on information submitted by the railroad companies in annual reports filed with the commissioner, and information supplied to the commissioner by the various county auditors and assessors.

Subp. 2. **Apportionment components.** There are three components which will be used in the distribution of the value of railroad property to the various taxing districts. They are railroad operating land, miles of track, and railroad operating structures with a restated cost of \$10,000 or more.

Subp. 3. **Railroad operating land.** The information for the computation of this apportionment component will be based on information submitted by both the railroads and the various county auditors and assessors. The railroad companies shall file with the commissioner of revenue each year, in conjunction with their annual reports required by part 8106.0300, subpart 1, the number of acres of railroad operating land owned or used by them in each taxing district in which they operate. The county auditor shall also be required to submit to the commissioner of revenue a report showing the number of acres of railroad operating land, detailed by owning railroad, in each taxing district within the county. If either the railroads or the auditors find that it is administratively impracticable to submit this information, the commissioner shall make an estimate of the number of acres of railroad operating land within each taxing district based on the best information available. Such information would usually consist of the miles of railroad track within the taxing district and the normal width of the right-of-way used by the railroad. In addition, information relative to the current estimated market value of all land within the respective taxing districts will be obtained from the county or city assessors by a review of the abstract of assessment of real and personal property which the various assessors are required to submit yearly to the commissioner of revenue in compliance with Minnesota Statutes, section 273.061, subdivision 9. A review will also be made of the abstract of assessment of exempt real property which is submitted to the commissioner of revenue by the various assessors in compliance with Minnesota Statutes, section 273.18.

The computation for the railroad operating land apportionment component will be accomplished annually in the following manner:

A. The average estimated market value per taxable acre within a specific taxing district will be calculated by dividing the estimated market value of all taxable land within the taxing district as indicated by the most recent abstract of assessment of real and personal property by the number of taxable acres within the taxing district. The number of acres within a taxing district will be obtained from the most recent statistics available from the Minnesota Geospatial Information Office, Department of Administration. The total number of acres will be adjusted to allow for nontaxable or exempt acres by subtracting these nontaxable or exempt acres from the total acres. The number of nontaxable or exempt acres will be obtained from the most recent abstract of assessment of exempt real property. The following example illustrates this calculation.

Estimated Market Value of All Taxable Land Within Taxing District		\$200,000
Total Area of Taxing District	210 Acres	
Nontaxable or Exempt Acres	10 Acres	
Taxable Acres Within Taxing District		200
		\$1,000
Average Estimated Market Value per Acre		

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B. This average estimated market value per taxable acre is then applied to the number of acres of railroad operating land within the taxing district to compute a gross railroad operating land component within the taxing district. The following example illustrates this computation:

Average Estimated Market Value Per Acre	\$1,000
Acres of Railroad Operating Land	x 5
	\$5,000
Gross Railroad Operating Land Component	\$5,000

C. This railroad operating land component will then be adjusted. This adjustment is achieved by striking a ratio between the system unit value for all Minnesota railroads, as described in part 8106.0400, subpart 5, to the total of net investment in railway property used in transportation service as defined by the STB for all railroads operating in Minnesota. This relationship will be computed annually and will then be applied to the gross railroad operating land component to arrive at the adjusted railroad operating land component. This adjusted land value will then be used as one element of the apportionment computation.

The following is an example of how the adjusted railroad operating land component is to be computed:

Railroad	System Unit Value	Net Investment in Railway Property Used in Transportation Services
ABC Railway	\$ 20,000,000	\$ 40,000,000
FGH Railway	5,256,000	8,000,000
JKL Railroad	2,000,000	4,780,830
MNO Railroad	50,000,000	90,000,000
XYZ Railroad	22,212,500	25,000,000
	\$ 99,468,500	\$ 165,780,830

Total System Unit Value (\$99,468,500) ÷ Total Net Investment in Railway Property Used in Transportation Services (\$165,780,830) = 60%

Gross Railroad Operating Land Component Within the Taxing District	\$5,000
Adjustment Factor	60%
	\$3,000
Adjusted Railroad Operating Land Component	\$3,000

Subp. 4. **Miles of track.** The information for the computation of this apportionment component will be based on information submitted by the railroads to the commissioner of revenue in conjunction with the annual report required by part 8106.0300, subpart 1. Each railroad will be required to list the miles of track they own in each taxing district within Minnesota. The track must be separated into two classes, main line track and all other track.

In order to make the miles of track in each taxing district compatible with the other apportionment components, the miles must be converted to dollars. This conversion will be computed annually. The conversion will be accomplished by adding together the following STB accounts for each railroad's net investment in Minnesota: account 3, grading; account 8, ties; account 9, rails; account 11, ballast. The total of these accounts will then be divided by the number of miles of track operated by the respective railroads within Minnesota to obtain a cost per mile figure. This will be used as the average cost per mile for track within Minnesota.

The following is an example of how the average cost per mile of track in Minnesota will be computed:

Railroad	Total of Accounts #3, 8, 9, 11	Mileage Operated in Minnesota
ABC Railway	\$ 4,000,000	154
FGH Railway	800,000	42

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JKL Railroad	500,000	20
MNO Railroad	7,450,000	290
XYZ Railroad	2,500,000	104
	\$ 15,250,000	610

Total cost of track (\$15,250,000) ÷ Total miles operated (610) = Average Cost per Mile of Track \$25,000.

Main line track shall be weighted at 1.5 times the cost of all other track; thus, if the average cost per mile of track is \$25,000, main line track would be worth more than \$25,000 per mile, while all other track would be worth less. The calculation for the average cost of both main line and all other track shall be made annually on an industry basis.

The calculation to determine the average cost per mile of main line track and the average cost per mile of all other track will be computed in the following manner:

A. Total mileage operated will be multiplied by the average cost per mile to arrive at a total track cost.

B. Total mileage operated will be separated into the two types of track, main line and all other track.

C. Main line track will be multiplied by 1.5 to arrive at adjusted main line miles.

D. Adjusted main line miles will be added to all other track miles to arrive at adjusted total track miles.

E. Total track cost will be divided by adjusted total track miles to arrive at the cost per mile of all other track.

F. The cost per mile of main line track will be computed by multiplying the cost per mile of all other track by 1.5.

An illustration of this computation is as follows:

Railroad	Mileage Operated	Main Line Miles	All other Track Miles
ABC Railway	154	96	58
FGH Railway	42	10	32
JKL Railroad	20	15	5
MNO Railroad	290	132	158
XYZ Railroad	104	52	52
	610	305	305
Total Mileage Operated			610
Average Cost Per Mile of Track			\$ 25,000
Total Track Cost			\$ 15,250,000
Main Line Miles		305	
Weighting Factor		1.5	
Adjusted Main Line Miles			457.5
Other Track Miles			305.0
Adjusted Total Track Miles			762.5
Total Track Cost			\$ 15,250,000
Adjusted Total Track Miles			762.5
Average Cost Per Mile of Other Track			\$ 20,000
Average Cost Per Mile of Other Track			\$ 20,000

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Weighting Factor	1.5
Average Cost Per Mile of Main Line Track	\$ 30,000

After the per mile cost figures for main line and all other track are obtained, these per mile cost figures would be multiplied by the length of each type of track in a particular taxing district to obtain the value of the trackage in that district. The same cost figures will be used for all railroads operating in Minnesota.

Subp. 5. **Structures.** The information for the computation of this apportionment component will be based on statements submitted by the railroads. These schedules shall be submitted annually to the commissioner of revenue in conjunction with the annual report required by part 8106.0300, subpart 1. The schedules shall show the location, by taxing district, of all operating structures owned by the reporting railroad within Minnesota with a restated cost of \$10,000 or more. The schedules shall list a description of the structure and the railroad's current restated cost investment in the structure as it appears in the appropriate STB account.

An example of this listing is as follows:

Taxing District	XYZ Railroad Description	Restated Cost
St. Paul, S.D. #625	Office Building	\$ 400,000
Minneapolis, S.D. #1	Depot	20,000
Fridley, S.D. #16	Yard Tower	200,000
Anoka, S.D. #11	Engine and Car Shop	250,000
	Total	\$ 870,000

Subp. 6. **Apportionment computation.** The apportionment of a railroad's taxable Minnesota value is accomplished by totaling the amount of the land, track, and structure components as developed in subparts 3 to 5 for each taxing district, then finding the sum of these totals for all the taxing districts in which the subject railroad operates. The taxable Minnesota portion of the railroad's unit value is divided by the total of the three apportionment components for all taxing districts in which the railroad operates in order to arrive at a percentage. This resulting percentage is then applied to the total amount of the three apportionment components for each specific taxing district. The figure produced by this multiplication process is the taxing district's share of the railroad's taxable Minnesota portion of the unit value. No more value can be distributed to the various taxing districts than that produced by the valuation process described in parts 8106.0100 to 8106.0600.

The example in part 8106.9900 illustrates the apportionment process.

**8106.0800 EQUALIZATION.**

Subpart 1. **In general.** After the apportionment of value referred to in part 8106.0700 has been made, the railroad property values must be equalized to coincide with the assessment levels of commercial and industrial property within each respective county receiving a share of the apportioned railroad value. This equalization will be accomplished through the use of an assessment/sales ratio.

Subp. 2. **Assessment/sales ratio computation.** A comprehensive assessment/sales ratio study compiled annually by the sales ratio section of the Property Tax Division of the Department of Revenue commonly known as the State Board of Equalization Sales/Ratio Study will be used in this computation. The portions of this study which will be used for purposes of this section are known as the "County Commercial and Industrial Sales Ratio."

This commercial and industrial (C & I) sales ratio is computed through an analysis of the certificates of real estate value filed by the buyers or sellers of commercial or industrial property within each county. The information contained on these certificates of real estate value is compiled pursuant to requests, standards, and methods set forth by the Minnesota Department of Revenue acting upon recommendations of the Minnesota legislature. The most recent C & I study available will be used for purposes of this section.

The median C & I sales ratio from the County Commercial and Industrial Sales Ratio study will be used as a basis to estimate the current year C & I median ratio for each county.

The process used to estimate this current year median ratio will be as follows.

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The State Board of Equalization abstract of market value will be examined. The current estimated market value of commercial and industrial property within each county will be taken from this abstract. The amount of the value of new commercial and industrial construction, ("new" meaning since the last assessment period) as well as the value of commercial and industrial property which has changed classification (i.e. commercial to tax exempt property) will also be taken from the abstract. The value of new construction will then be deducted from the estimated market value, resulting in a net estimated current year market value for commercial and industrial property within the county. The value of commercial and industrial property which has changed classification will be deducted from the previous years estimated market value to arrive at a net estimated previous year market value for commercial and industrial property within the county. The net current year value will be compared to the net previous year's estimated market value for commercial and industrial property within the county and the difference between the two values noted. This difference will be divided by the previous year's net estimated market value for commercial and industrial property to find the percentage of increase, or decrease, in assessment level for each year. This percent of change will be applied to the most recent C & I median ratio to estimate the current year's C & I median ratio. An example of this calculation for a typical county is shown below.

Current Year Estimated Market Value for Commercial and Industrial Property	\$12,000,000	
Less: New Construction	1,500,000	
Current Year Net Estimated Market Value for Commercial and Industrial Property		10,500,000
Previous Year Estimated Market Value for Commercial and Industrial Property	10,250,000	
Less: Classification Changes	250,000	
Previous Year Net Estimated Market Value for Commercial and Industrial Property		10,000,000
Difference Previous Year vs. Current Year Estimated Market Value		500,000
Percent of Change (500,000 ÷ 10,000,000)		5%
Previous Year Median Commercial and Industrial Ratio		88%
Current Year Estimated Median Commercial and Industrial Ratio (88% x 105%)		92.4%

This same calculation is performed for each Minnesota county which contains operating railroad property. If there are five or fewer valid sales of commercial and industrial property within a county during the study period, these few sales are insufficient to form the basis for a meaningful C & I ratio. Therefore, the median assessment/sales ratio to be used for purposes of the above computation will not be the median C & I ratio but will be the weighted median ratio of all property classes within the county for which a sales ratio is available. This weighted median ratio is computed in the same manner using the same procedures and standards as the C & I ratio. In addition, the computation described above will not be performed using the commercial and industrial estimated market value but will use the estimated market value for all property within the county. All other aspects of the calculations are identical except for this substitution.

The weighted median ratio is developed by multiplying the median ratio for each class of property (agricultural, residential, recreational, commercial) by the percentage of value that class of property comprises of the total county value. An example of this calculation is as follows:

Class of Property	Amount of Value	Percent of Value	Median Ratio	Weighted Median Ratio
Residential	\$ 20,000,000	20%	85%	17.00%
Agricultural	55,000,000	55%	95%	52.25%

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Seasonal - Recreational	5,000,000	5%	90%	4.50%
Commercial - Industrial	20,000,000	20%	85%	17.00%
Total	\$100,000,000	100%		90.75%

Subp. 3. **Application of the estimated current year median assessment/sales ratio.** After the estimated current year median ratio has been calculated pursuant to subpart 2, it is used to adjust the apportioned estimated market value of operating railroad property to the apparent assessment level of commercial and industrial property in each county. This is done by multiplying the estimated market value of the railroad property by the estimated sales ratio to arrive at the equalized market value of operating railroad property. In no instance will any adjustment be made if, after comparing the estimated current year sales ratio to the assessment level of operating railroad property, the difference between the two is five percent or less. An example of this adjustment is as follows:

	Estimated Market Value of Railroad Operating Property*	Estimated Current Year Median Sales Ratio	Equalized Estimated Market Value of Railroad Operating Property
County A	\$ 100,000	85%	\$ 85,000
County B	250,000	88%	220,000
County C	300,000	90%	270,000
County D	150,000	92%	138,000
County E	100,000	95%	100,000**

\* For purposes of this example, assume that railroad property is assessed at 100 percent of market value.

\*\* No adjustment made because estimated current year median sales ratio is within five percent of assessment level on operating railroad property.

All railroads operating within a particular county will be equalized at the same percentage.

These equalized estimated market values of operating railroad property will be certified to the county assessor denoting specific railroads and taxing districts pursuant to Minnesota Statutes, section 270.87.

**8106.9900 EXAMPLE OF APPORTIONMENT PROCESS.**

**8125.1300 REFUNDS AND CREDITS.**

Subp. 3. **Gasoline used in aircraft.** Refunds for gasoline, other than aviation gasoline, purchased and used to produce or generate power for propelling aircraft shall be issued only to those claimants who have received approval to use such gasoline from the Federal Aviation Administration as evidenced by a supplemental type certificate.